

**CALIFORNIA CODE OF REGULATIONS, TITLE 10, CHAPTER 5,  
SUBCHAPTER 3:**

**REPEAL ARTICLE 12.9: Sections 2548.1, 2548.2, 2548.3, 2548.4, 2548.5, 2548.6, 2548.7 and 2548.8.**

**ADOPT ARTICLE 12.9 TO READ:  
LIFE SETTLEMENTS**

**Repeal:  
~~Section 2548.1 Authority and Purpose~~**

~~These regulations are promulgated pursuant to the authority granted to the Insurance Commissioner by Sections 10113.1 and 10113.2 of the Insurance Code. The purpose of these regulations is to implement Sections 10113.1 and 10113.2.~~

~~NOTE: Authority and Reference cited: Sections 790.10 and 10113.2(f), Insurance Code.~~

**Adopt:  
Section 2548.1. AUTHORITY AND PURPOSE.**

These regulations are promulgated pursuant to the authority granted to the Insurance Commissioner by Insurance Code sections 10113.2(k) and 10113.35(a). The purpose of these regulations is to implement and clarify Insurance Code sections 10113.1, 10113.2 and 10113.3.

NOTE: Authority cited: Insurance Code sections 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20<sup>th</sup> Century Ins. Co. v. Garamendi*, 8 Cal.4<sup>th</sup> 216 (1994).

**Repeal:  
~~Section 2548.2 Definitions~~**

~~As used in these regulations:~~

~~(a) "Catastrophic or life-threatening illness or condition" is:~~

~~i. An illness or condition that will result in a drastically limited life span not exceeding 24 months;~~

~~ii. A medical condition that has required or requires extraordinary medical intervention, such as a major organ transplant or continuous artificial life support, without which the insured person would die;~~

~~iii. Any condition that usually requires continuous confinement in a nursing home, convalescent center or other care facility, if the insured person is expected to remain there for the rest of the insured person's life; or~~

~~iv. A medical condition that in the absence of extensive or extraordinary~~

medical treatment will result in a drastically limited life span. Such medical conditions include but are not limited to the following:

- (A) Coronary artery disease resulting in an acute infarction or requiring surgery;
- (B) Permanent neurological deficit resulting in acute form cerebral vascular accident;
- (C) End-stage renal failure; or
- (D) Acquired Immune Deficiency Syndrome.

~~(b) "Entering into" includes, but is not limited to, acquiring an ownership interest in a life insurance policy which is the subject of a viatical settlement, including a collateral interest, through an assignment, purchase, devise, bequest or other transfer, except as provided for in section 2548.2(h) (1) and (2).~~

~~(c) "Person" includes any natural person or legal entity including, but not limited to, individuals, partnerships, associations, trusts, or corporations including a resident or nonresident life and disability agent licensed by the commissioner.~~

~~(d) "Soliciting" includes, but is not limited to, offering or advertising viatical settlements or viatical settlement investments to any person in this state, through any newspaper or other publication, television, radio, the internet, or any other advertising device, or in person.~~

~~(e) "Viatical settlement" means an agreement entered into between a person who owns a life insurance policy or who is covered under a group policy insuring the life of a person who has a catastrophic or life threatening illness or condition, under the terms of which the viatical settlement provider pays compensation or anything of value, which compensation or value is less than the expected death benefit of the insurance policy or certificate, in return for the policyholder's or certificate holder's assignment, transfer, sale, devise or bequest of the death benefit or ownership of the insurance policy or certificate to the viatical settlement provider. A viatical settlement includes any sale of a life policy subsequent to the sale from the viator.~~

~~(f) "Viatical settlement broker" means any person domiciled, residing or conducting business in California, who for a fee, commission, or other valuable consideration, solicits or offers the availability of viatical settlements, introduces viators to viatical settlement providers, or offers or attempts to negotiate viatical settlements between a viator and one or more viatical settlement providers. A viatical settlement broker is deemed to represent only the viator and owes a fiduciary duty to the viator to act according to the viator's instructions and in the best interests of the viator. A viatical settlement broker must obtain a viatical settlement license from the Commissioner. Viatical settlement broker does not include:~~

- ~~(1) an attorney, an accountant, or financial planner, retained to represent the viator whose compensation is paid solely by the viator and without regard to whether a viatical settlement is effected; or~~

- ~~(2) an employee of a licensed viatical settlement broker, so long as they are considered an employee for federal and state tax purposes.~~

~~(g) "Viatical settlement investment broker" means any person domiciled, residing or conducting business in California, who for a fee, commission, or other valuable consideration, solicits or offers the availability of one or more viatical settlement investments to any person, introduces any person to a viatical settlement provider for the purposes of purchasing one or more viatical settlement investments, or offers to negotiate one or more viatical settlement investments between any person and a viatical settlement provider. A viatical settlement investment broker must be licensed by the Commissioner. A viatical settlement investment broker does not include an attorney, an accountant, or financial planner, retained to represent the investor, whose compensation is paid solely by the investor and without regard to whether a viatical settlement is effected.~~

~~(h) "Viatical settlement provider" means any person domiciled, residing or conducting business in California who enters into a viatical settlement agreement. Viatical settlement provider includes any person who has an ownership interest in the insurance policy which has been viaticated, including but not limited to a collateral ownership interest, and including subsequent owners of the life insurance policy to be viaticated. A viatical settlement provider must obtain a viatical settlement license from the Commissioner. Viatical settlement provider does not include:~~

- ~~(1) a bank, savings and loan association, credit union or other licensed lending institution that takes an assignment of a life insurance policy as collateral for a loan;~~
- ~~(2) the issuer of a life insurance policy providing accelerated benefits under California law and pursuant to the insurance policy; or~~
- ~~(3) an employee of a licensed viatical settlement provider, so long as they are considered an employee for federal and state tax purposes.~~

~~(i) "Viator" means the original owner of a life insurance policy, or the original certificate holder under a group policy, insuring the life of a person with a catastrophic or life threatening illness or condition who enters into, or is considering entering into an agreement under which the viatical settlement provider will pay compensation or anything of value, which compensation or value is less than the expected death benefit of the insurance policy or certificate, in return for the viator's assignment, transfer, sale, devise, or bequest of the death benefit or ownership of the insurance policy or certificate to the viatical settlement provider.~~

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~~NOTE: Authority and Reference cited: Sections 790.10 and 10113.2(f), Insurance Code.~~

**Adopt:**

**Section 2548.2. DEFINITIONS.**

(a) As used in this article:

- (1) **Broker.** A life settlement broker as defined at Insurance Code section 10113.1(b).

- (2) **Insured.** The person covered under the policy to be settled as defined at Insurance Code section 10113.1(h).
- (3) **Life Insurance Producer.** A life insurance producer as defined at Insurance Code section 10113.1(j).
- (4) **Owner.** A life insurance owner as defined at Insurance Code section 10113.1(m).
- (5) **Provider.** A life settlement provider as defined at Insurance Code section 10113.1(r).

NOTE: Authority cited: Insurance Code sections 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20<sup>th</sup> Century Ins. Co. v. Garamendi*, 8 Cal.4<sup>th</sup> 216 (1994). Reference: Insurance Code section: 10113.1.

### **Repeal:**

#### **Section 2548.3 Transfers to Unlicensed Persons**

~~A licensee or applicant shall not directly or indirectly assign, transfer, sell, resell, or transfer by gift or bequest, or otherwise convey any life insurance policy that is or has been the subject of a viatical settlement agreement, to any person that does not hold a California license as a viatical settlement provider issued by the Commissioner and without obtaining the written consent of the viator.~~

~~OTE: Authority and Reference cited: Sections 790.10 and 10113.2(f), Insurance Code.~~

### **Adopt:**

#### **Section 2548.3. LICENSING OF PROVIDER.**

- (a) Any person acting as a provider in California pursuant to Insurance Code section 10113.2(b)(1) shall submit to the California Insurance Commissioner an application for a license on the application form referenced at Section 2548.16, along with the application fee of \$3,180. The Commissioner shall have the authority to require Applicant to fully disclose the identification of all stockholders who hold more than 10 percent of the shares of the company, as well as all partners, directors, members and key management personnel. The Commissioner may refuse to issue a license to the entity if the Commissioner believes that any stockholder, partner, director, member or person in a key management position fails to meet the standards of Insurance Code sections 10113.2(b)(1) and 10113.2(b)(2).
- (b) The Commissioner's issuance of a provider's license to a legal entity authorizes all officers, partners, and key management personnel to act as a provider.
- (c) On each year following the issuance of the original license, a provider shall pay the renewal fee of \$199 and shall renew its license.

NOTE: Authority cited: Insurance Code sections 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20<sup>th</sup> Century Ins. Co. v. Garamendi*, 8 Cal.4<sup>th</sup> 216 (1994). Reference: Insurance Code section: 10113.2.

**Repeal:**

**~~Section 2548.4 Viator Designation of Third Party Contact; Contacts with the Insured~~**

~~The viator may designate a third party to receive and respond to all inquiries by the viatical settlement provider regarding the viator's health after the viatical settlement agreement is executed. Contacts with the viator for the purpose of determining the health status of the viator by the viatical settlement licensee shall be limited to once every three (3) months for viators with life expectancy of more than (1) one year, and to no more than (1) one month for viators with a life expectancy of (1) one year or less. The viatical settlement provider and broker shall explain the procedure for these contacts to the viator at the time the viatical settlement contract is entered into. The limitations set forth in this section shall not apply to any contacts with a viator under a viaticated policy for reasons other than determining the viator's health status.~~

NOTE: Authority and Reference cited: Sections 790.10 and 10113.2(f), Insurance Code.

**Adopt:**

**Section 2548.4. GRANDFATHERING OF VIATICAL SETTLEMENT PROVIDERS.**

Any natural person or business entity licensed to act as a viatical settlement provider as of December 31, 2009, shall be issued by the Commissioner a provider's license effective July 1, 2010, and shall thereafter be subject to the renewal requirements for such license as if the person or entity were originally licensed as a life settlement provider.

NOTE: Authority cited: Insurance Code sections 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20<sup>th</sup> Century Ins. Co. v. Garamendi*, 8 Cal.4<sup>th</sup> 216 (1994). Reference: Insurance Code section 10113.2.

**Repeal:**

**~~Section 2548.5 Disclosures~~**

~~At the time an offer is made to the viator, the viatical settlement provider shall disclose in writing to the viator:~~

~~(1) the affiliation, if any, between the viatical settlement provider and broker and the issuer of an insurance policy to be viaticated;~~

~~(2) the affiliation, if any, between the viatical settlement provider and the viatical settlement broker;~~

~~(3) the amount of commission or other consideration to be paid by the viatical settlement provider to the viatical settlement broker;~~

~~(4) the viator's right to designate a third party to receive and respond to all inquiries~~

by the viatical settlement provider regarding the viator's health after the viatical settlement agreement is executed;

~~(5) the method of contacting the viator or designee and the number of times per month the viator or designee will be contacted regarding the viator's health, after the viatical settlement agreement is executed;~~

~~(6) all estimates of the viator's life expectancy, as provided by the physician(s) retained by any viatical settlement provider offering to purchase a policy;~~

~~—(7) the following notice, in 12-point bold print: NOTICE: YOU MAY HAVE ALTERNATIVES TO SELLING YOUR LIFE INSURANCE POLICY SUCH AS ACCELERATED BENEFITS, CASHING OUT YOUR POLICY, OR USING YOUR POLICY AS COLLATERAL FOR A LOAN. CONTACT YOUR INSURANCE COMPANY FOR FURTHER INFORMATION AND CAREFULLY REVIEW ALL OF YOUR OPTIONS; and~~

~~—(8) notice that a policy may be resold only to an entity or person who holds a viatical settlement license from the Commissioner, and only with the written permission of the insured.~~

~~NOTE: Authority and Reference cited: Sections 790.10 and 10113.2(f), Insurance Code.~~

#### **Adopt:**

#### **Section 2548.5. SALE OF SHARES OR CHANGE IN CONTROL OF PROVIDER.**

The provider shall provide to the Commissioner new or revised information about officers, stockholders who hold more than 10 percent of the shares of the company, partners, directors, or key management personnel within 30 days of change. Furthermore, those providers that are either incorporated in California or otherwise conducting a substantial portion of their life settlement business within this state shall submit a new life settlement application to the Commissioner if such provider sells or transfers 10 percent or more of its stock to another entity that is not, at the time of the transfer, licensed as a California life settlement provider. The provider cannot transact new business within the state until the Commissioner approves the new provider application. For purposes of this section, "substantial portion" is defined as life settlement business transacted in California constituting more than 50 percent of the provider's total business as reported in Section 5.d. of the licensee's most recent annual statement.

NOTE: Authority cited: Insurance Code sections 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20<sup>th</sup> Century Ins. Co. v. Garamendi*, 8 Cal.4<sup>th</sup> 216 (1994). Reference: Insurance Code section: 10113.2.

#### **Repeal:**

#### **Section 2548.6 Escrow Account**

~~Within 15 calendar days of the viatical settlement provider's receipt of documents to effect the transfer of the insurance policy, the viatical settlement provider shall pay the proceeds~~

~~of the viatical settlement to an escrow or trust account in a state or federally chartered financial institution whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). The account shall be managed by a trustee or escrow agent independent of the parties to the viatical settlement contract. The attorney for a viatical settlement provider shall not be the escrow agent for the viatical settlement provider. The trustee or escrow agent shall transfer the proceeds to the viator within 15 calendar days of the viatical settlement provider's receipt of acknowledgment of the transfer of the insurance policy.~~

~~NOTE: Authority and Reference cited: Sections 790.10 and 10113.2(f), Insurance Code.~~

**Adopt:**

**Section 2548.6. PROVIDER ESCROW REQUIREMENTS.**

- (a) Within three (3) business days of a provider's receipt of documents to effect the transfer of a legal or beneficial interest in the life insurance policy which is the subject of the life settlement agreement, the provider shall deposit the proceeds payable to the owner under the life settlement into an escrow or trust account in a state or federally chartered financial institution whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC).
- (b) The escrow or trust account shall be managed by a trustee or escrow agent independent of the parties to the life settlement contract and shall be pursuant to a written agreement signed by the provider and the owner. An attorney or law firm representing the provider shall not be the escrow agent for the provider.
- (c) All persons receiving any form of compensation under the escrow or trust agreement must be clearly identified, including the name, business address, telephone number, tax identification number and compensation amount.
- (d) The trustee or escrow agent shall transfer the proceeds to the owner within three (3) business days following provider's receipt of acknowledgement of the transfer of ownership or beneficial rights to the insurance policy.

NOTE: Authority cited: Insurance Code sections 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20<sup>th</sup> Century Ins. Co. v. Garamendi*, 8 Cal.4<sup>th</sup> 216 (1994). Reference: Insurance Code section: 10113.3.

**Repeal:**

**~~Section 2548.7 General Rules~~**

~~Viatical settlement licensees shall not:~~

- ~~(a) pay or offer to pay any finder's fee, commission, or other compensation to any person unlicensed under Section 10113.2 of the Insurance Code;~~
- ~~(b) enter into any viatical settlement in which payments are to be made in~~

installments;

~~(e) engage in any acts determined by the commissioner to be unfair, deceptive or harassing;~~

~~(d) deduct the viatical settlement broker's fee or other valuable consideration from the amount paid or quoted to the viator on a policy;~~

~~(e) act in the capacity of both a viatical settlement broker and a viatical settlement provider unless authorized by the Commissioner;~~

~~—(f) act as a viatical settlement broker after having acted as an insurance agent or broker with respect to the same individual policy;~~

~~(g) destroy any material records such as purchase agreements, assignments, powers of attorney, escrow agreements, changes of beneficiary, medical records releases, other releases, disclosures, and other material documents, pertaining to a viatical settlement for (5) five years after the date of execution of the viatical settlement;~~

~~—(h) act as a provider, broker or sales agent in a viatical settlement involving a life insurance policy within its contestable or suicide period;~~

~~(i) act in ways contrary to the best interests of the viator, or fail to act according to the viator's instructions, while acting as a viatical settlement broker;~~

~~—(j) offer to buy a policy for an amount less than the policy's cash surrender value or accelerated benefits value;~~

~~(k) use forms that have not been approved by the Commissioner; and~~

~~(l) sell any ownership interest in a viatical settlement business that holds a California viatical settlement license to any entity or person who does not hold a California viatical settlement license, and without authorization from the Commissioner.~~

~~NOTE: Authority and Reference cited: Sections 790.10 and 10113.2(f), Insurance Code.~~

#### **Adopt:**

#### **Section 2548.7. LICENSING OF BROKER; LIFE INSURANCE PRODUCER NOTIFICATION OF BROKERING LIFE SETTLEMENTS.**

Any person acting as a broker in California pursuant to Insurance Code sections 10113.2(b)(1) or 10113.2(b)(1)(D)(ii) shall submit to the Commissioner an application for a one-year life settlement broker's license as referenced at Section 2548.17 or a two-year life settlement broker notification as referenced at Section 2548.19 herein.



Persons who have not been licensed as either a resident or non-resident California life agent for at least one year shall submit the life settlement broker application referenced at Section 2548.17 herein. Life agents who have been licensed in California for at least one year may submit the life settlement broker notification referenced at Section 2848.19 herein.

NOTE: Authority cited: Insurance Code section 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20<sup>th</sup> Century Ins. Co. v. Garamendi*, 8 Cal.4<sup>th</sup> 216 (1994). Reference: Insurance Code section: 10113.2,

**Repeal:**

**Section 2548.8 Revocation of License; Denial of Application**

~~The Commissioner shall have the right to suspend or revoke a license of any viatical settlement provider, broker, or sales agent, or deny a viatical settlement license application if the Commissioner finds that:~~

~~(a) the licensee or applicant has knowingly or willingly made any material misrepresentation in the application for a license;~~

~~(b) the licensee or applicant has been convicted of a felony or misdemeanor under the laws of the United States or any state therein, or a public offense having as one of its necessary elements a fraudulent act, or an act of dishonesty in acceptance, custody or payment of money or property;~~

~~(c) the licensee or applicant has violated any provisions of Title 10 of the California Code of Regulations, or the California Insurance Code, including but not limited to has failed to remit on a timely basis license renewal fees or has failed to file an annual statement;~~

~~—(d) the licensee or applicant has shown incompetency or untrustworthiness in the conduct of any business, or has by commission of a wrongful act or practice in the course of any business exposed the public or those dealing with him to the danger of loss;~~

~~(e) the licensee no longer meets the qualification for a license to transact viatical settlement business;~~

~~(f) the licensee or applicant does business with an unlicensed company or individual;~~

~~(g) the viatical settlement provider or applicant has failed to honor contractual obligations set out in a viatical settlement contract;~~

~~—(h) the viatical settlement provider has failed to set up an escrow account pursuant to Section 2548.6 of these regulations;~~

~~(i) the licensee or applicant has been refused a professional, occupational, or vocational license, or had such license suspended or revoked by any licensing authority for~~

~~the reasons that should preclude the granting of the license applied for;~~

~~(j) the licensee or applicant has previously engaged in a fraudulent practice or act or has conducted any business in a dishonest manner;~~

~~(k) the licensee or applicant has knowingly misrepresented the terms or effect of a viatical settlement contract or viatical investment;~~

~~(l) the licensee or applicant has aided or abetted any person in the act or omission which would constitute grounds for the suspension, revocation or refusal of a license issued under this code to the person aided or abetted;~~

~~(m) the licensee or applicant has permitted anyone in his or her employ to violate Title 10 of the California Code of Regulations or the California Insurance Code.~~

~~NOTE: Authority and Reference cited: Sections 790.10 and 10113.2(f), Insurance Code.~~

**Adopt:**

**Section 2548.8. GRANDFATHERING OF VIATICAL SETTLEMENT BROKERS.**

- (a) Any natural person licensed to act as a viatical settlement broker as of December 31, 2009, shall be issued by the Commissioner a broker's license effective July 1, 2010. Such individuals shall be exempted from the life settlement continuing education requirement in Insurance Code section 10113.2(b)(1)(A), and shall be subject to the renewal of such license just as if the person were originally licensed as a broker. Natural persons currently licensed as a viatical settlement broker shall be either issued a one-year life settlement broker's license or a two-year life settlement broker notification. Current viatical settlement brokers who are unlicensed as a life producer or have held a life producer license less than one year shall be issued a one-year life settlement broker license. Current viatical settlement brokers that are also licensed as a life producer for at least one year shall be issued a two-year life settlement broker license which corresponds to their life producer license.
- (b) Any business entity, including corporations, partnerships and limited liability companies licensed as a viatical settlement broker by the Commissioner on December 31, 2009, shall be either issued a one-year business entity life settlement broker's license or a two-year life settlement broker notification, effective July 1, 2010. Current viatical settlement broker business entities that are unlicensed as a life producer or have held a life producer license less than one year shall be issued a one-year life settlement broker license. Current viatical settlement broker business entities that are also licensed as a life producer for at least one year shall be issued a two-year life settlement broker license which corresponds to their life producer license. Such entities shall have 30 days from the effective date of this regulation to submit to the Commissioner a list of all individuals authorized to act pursuant to the entity's broker's license as of June 30, 2010, and the individuals shall thereafter be issued individual life settlement

broker's licenses. Such individuals shall be exempted from the life settlement continuing education requirement in Insurance Code section 10113.2(b)(1)(A) but shall thereafter be subject to the renewal of such license just as if the person were originally licensed as a broker. The business entity license shall also be subject to the renewal of such license just as if the entity were originally licensed as a broker.

NOTE: Authority cited: Insurance Code sections 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20<sup>th</sup> Century Ins. Co. v. Garamendi*, 8 Cal.4<sup>th</sup> 216 (1994). Reference: Insurance Code section: 10113.2.

**Adopt:**

**Section 2548.9. PROVIDER AND BROKER FORM FILING REQUIREMENTS.**

- (a) All life settlement providers and brokers including life producers complying with the notification procedure in Insurance Code section 10113.2(b)(1)(D)(ii) shall file all forms used in this State with the Commissioner. Life settlement providers shall file such forms by filling out and submitting the cover sheet referenced in section 2548.26 herein ("Life Settlement Form Filing Pursuant to California Insurance Code, section 10113.2(c)"), along with a copy of the form/s to be filed with the Commissioner. The cover letter and a copy of the form/s shall be submitted to the Commissioner by uploading the documents utilizing the OASIS system located on the Department of Insurance's website at [www.insurance.ca.gov](http://www.insurance.ca.gov) or a similar system the Department should adopt in the future.
- (b) Life settlement brokers shall file such forms by filling out and submitting the cover sheet referenced in section 2548.26 herein ("Life Settlement Form Filing Pursuant to California Insurance Code, section 10113.2(c)"), along with a copy of the form/s to be filed with the Commissioner. The cover letter and a copy of the form/s shall be submitted to the Commissioner by uploading the documents utilizing the OASIS system located on the Department of Insurance's website at [www.insurance.ca.gov](http://www.insurance.ca.gov) or a similar system the Department should adopt in the future.
- (c) Any person or entity licensed as a viatical settlement provider or broker as of December 31, 2009 and grandfathered in as a life settlement provider or broker pursuant to Insurance Code sections 10113.2(b)(1)(C) shall file copies of all life settlement forms currently in use in this State with the Commissioner within 60 days of the effective date of these regulations. Such licensees shall use the filing procedures described in section 2548.9(a) herein. Such licensees shall have a continuing obligation to file all life settlement forms used in this State pursuant to Insurance Code section 10113.2(c) and this Regulation.

NOTE: Authority cited: Insurance Code sections 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20<sup>th</sup> Century Ins. Co. v. Garamendi*, 8 Cal.4<sup>th</sup> 216 (1994). Reference: Insurance Code section: 10113.2.

**Adopt:**

**Section 2548.10. PROVIDER AND BROKER RECORDS RETENTION REQUIREMENTS.**

- (a) All providers transacting business in this State shall retain copies of all records as further defined at Insurance Code section 10113.2(t).
- (b) All brokers shall retain copies of all records reflecting the transaction of their life settlement business in this State for not less than five years. Such records shall include, but not be limited to the disclosures pursuant to Insurance Code sections 10113.2(d) and (f), documentation of the broker's efforts to shop the market to obtain a competitive provider bid, and a copy of the executed life settlement purchase agreement.
- (c) All records required to be maintained pursuant to this section shall be made available to the Commissioner for inspection during reasonable business hours. The Commissioner may initiate proceedings to revoke, suspend or refuse to renew the license of any licensee failing to comply with the Commissioner's request to review the records.

NOTE: Authority cited: Insurance Code sections 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20<sup>th</sup> Century Ins. Co. v. Garamendi*, 8 Cal.4<sup>th</sup> 216 (1994). Reference: Insurance Code section: 10113.2.

**Adopt:**

**Section 2548.11. DISCLOSURES REQUIRED AT THE TIME OF APPLICATION.**

Any person brokering a life settlement shall provide the disclosures listed at Insurance Code section 10113.2(d) no later than the time of an owner's application for a life settlement. The life settlement broker may but is not required to use the form captioned "Life Settlement Licensee Disclosure to Life Settlement Applicant" at section 2548.27 herein. For those transactions in which there is no life settlement broker, the life settlement provider shall provide the disclosures listed in Insurance Code section 10113.2(d) and may, but is not required to use the form at section 2548.27 herein.

NOTE: Authority cited: Insurance Code sections 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20<sup>th</sup> Century Ins. Co. v. Garamendi*, 8 Cal.4<sup>th</sup> 216 (1994). Reference: Insurance Code section: 10113.2.

**Adopt:**

**Section 2548.12. DISCLOSURES REQUIRED PRIOR TO EXECUTION OF CONTRACT.**

- (a) Any person brokering a life settlement shall provide the disclosures listed at Insurance Code section 10113.2(f) prior to the time of an owner's execution of a life settlement contract. The broker may but is not required to use the form captioned "Life Settlement Broker Disclosure to Owner and Insured" at Section 2548.28 herein.
- (b) Prior to the execution of the life settlement contract, the provider shall provide the disclosures listed at Insurance Code section 10113.2(e). The provider may but is not required to use the form captioned "Life Settlement Provider Disclosure to Owner" referenced at Section 2548.29 herein.
- (c) If the provider elects to use its own form, such form shall include a clear itemization of the following amounts paid in a life settlement transaction: the gross purchase price the life settlement provider is paying for the policy, the amount of the purchase price to be paid to the owner, and the amount of the purchase price to be paid to the owner's life settlement broker.

NOTE: Authority cited: Insurance Code sections 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20<sup>th</sup> Century Ins. Co. v. Garamendi*, 8 Cal.4<sup>th</sup> 216 (1994). Reference: Insurance Code section: 10113.2.

**Adopt:**

**Section 2548.13. PROVIDER'S OBLIGATION TO NOTIFY INSURED OF SALE OF POLICY.**

If the provider transfers ownership or changes the beneficiary of the insurance policy, the provider shall communicate in writing the change in ownership or beneficiary to the insured within 20 days after the change. The written communication shall identify the new owner or beneficiary.

NOTE: Authority cited: Insurance Code sections 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20<sup>th</sup> Century Ins. Co. v. Garamendi*, 8 Cal.4<sup>th</sup> 216 (1994). Reference: Insurance Code sections: 10113.1, 10113.2 and 10113.3.

**Adopt:**

**Section 2548.14. PROVIDER ANNUAL STATEMENT.**

- (a) All licensed providers shall submit an Annual Statement to the Commissioner on the form captioned "State of California Department of Insurance Life Settlement Provider Annual Statement" referenced in section 2548.30 herein. The initial Annual Statement shall be filed no later than March 1, 2011 and shall cover the reporting period January 1, 2010 through December 31, 2010. Each

Annual Statement thereafter shall be due no later than March 1 and shall cover the period in the preceding calendar year.

- (b) All Annual Statements shall be accompanied by an audited financial statement. The audited financial statement shall be received in confidence within the meaning of subdivision (d) of section 6254 of the Government Code and exempt from disclosure pursuant to the Public Records Act (Chapter 3.5 (commencing with section 6250) of Division 7 of Title 1 of the Government Code).
- (c) Any provider's failure to timely file an annual statement shall be grounds for the immediate suspension of the provider's license until such time that the annual statement has been filed.

NOTE: Authority cited: Insurance Code sections 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20<sup>th</sup> Century Ins. Co. v. Garamendi*, 8 Cal.4<sup>th</sup> 216 (1994). Reference: Insurance Code sections 10113.2 and 10113.3; Government Code section 6250 et seq.

**Adopt:**

**Section 2548.15. VERIFICATION OF COVERAGE FORM.**

Providers shall file verification of coverage forms with the Commissioner for approval pursuant to Insurance Code section 10113.3(b). If the licensee uses the form referenced at Section 2548.31 herein, the Commissioner's approval shall be deemed, and the licensee can use such form without receiving formal notification from the Commissioner as to its approval. If the licensee instead opts to use a form other than that referenced in section 2548.31, it shall file such form with the Commissioner for approval and shall use the procedure identified in section 2548.9 herein.

NOTE: Authority cited: Insurance Code sections 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20<sup>th</sup> Century Ins. Co. v. Garamendi*, 8 Cal.4<sup>th</sup> 216 (1994). Reference: Insurance Code sections: 10113.2, 10113.3.

**Adopt:**

**Section 2548.16. LIFE SETTLEMENT PROVIDER APPLICATION.**

**State of California  
Department of Insurance  
Application for  
Life Settlement Provider  
(Type or print clearly)**

|   |                                      |  |   |
|---|--------------------------------------|--|---|
| 1. Life Settlement Provider Name:   |                                      |  |   |
| <b>2. FICTITIOUS NAMES:</b>   |                                      |  |   |
| A. Does the life settlement provider intend to use a fictitious (DBA) name?   |                                      | <input type="checkbox"/> Yes <input type="checkbox"/> No                                     |   |
| If yes, list such name: (This name must be approved by the Department prior to use.)  |                                      |  |   |
| B. Is the life settlement provider now or has it ever used any name other than shown?   |                                      | <input type="checkbox"/> Yes <input type="checkbox"/> No                                     |   |
| If yes, list names, dates and reason(s) used. _____   |                                      |  |   |
| <b>3. LIFE SETTLEMENT PROVIDER TYPES:</b> (check one only)  |                                      |  |   |
| <input type="checkbox"/> Corporation  |                                      | <input type="checkbox"/> Limited Liability Partnership/Limited Partnership                   |   |
| <input type="checkbox"/> General Partnership  |                                      | <input type="checkbox"/> Individual  |   |
| <input type="checkbox"/> Limited Liability Company  |                                      | Social Security Number (SSN)*: _____   |   |
| 4. Federal Employer Identification Number<br>_____  |                                      | 5. Incorporation /Formation date<br>month                      day                      year |   |
|   |                                      | 6. State of Incorporation/Formation  |   |
| 7. Business Address (P.O. Box not acceptable.)  |                                      | 8. City  | 9. State    10. Zip Code                  |
| 11. Business Phone Number<br>(       )  | 12. Business Fax Number<br>(       ) | 13. Business E-mail Address  |   |
| 14. Business Web Site Address   |                                      |  |   |
| 15. Mailing Address (P. O. Box is acceptable)   |                                      | 16. City   | 17. State    18. Zip Code                 |
| 19. Contact Person for future correspondence from California Department of Insurance:   |                                      |  |   |
| 20. List the states in which Applicant is currently licensed as a Viatical or Life Settlement Provider:<br>(Attach a separate sheet if needed)  |                                      |  |   |
| Type of License and License Number  |                                      | State  | Date License Held    Is License In Force? |
|   |                                      |  |   |
| 21. List the names of Applicant's officers, directors, partners, and key management personnel and the job title of each person and a brief description of the job duties. (Submit biographical affidavits and fingerprints on all such persons) (Attach a separate sheet if needed) |                                      |  |   |
| Name_____   |                                      | SSN*_____  | License #_____                            |
| Name_____   |                                      | SSN*_____  | License #_____                            |
| Name_____   |                                      | SSN*_____  | License #_____                            |

\* Disclosure of your U. S. social security number is mandatory pursuant to Cal. Civil Code, § 1798.17; Cal. Family Code, § 17520(d); and Federal Privacy Act of 1974, §§7(a) (2) (B) and 7(b). The social security number will be used primarily for purposes of processing your application, including conducting any necessary investigation into your background. If you fail to disclose your social security number, your application will not be reviewed. An individual has a right of access to certain records containing personal information pertaining to that individual. Individuals may obtain information regarding the location of their records by contacting the Bureau Chief, Producer Licensing Bureau, California Department of Insurance by phone (800-967-9331) or by mail, to the following address: 320 Capitol Mall, Sacramento CA 95814.

Form LIC 441-19 (Rev 07/2010)

22. List the names of all entities and/or individual of Applicant having an ownership interest of more than 10 percent of Applicant. Specify the corresponding percentage of ownership for each named entity and/or individual. (Submit biographical affidavits and fingerprints on any individual).

|           |            |                 |                     |
|-----------|------------|-----------------|---------------------|
| Name_____ | Title_____ | SSN/FEIN**_____ | % of ownership_____ |
| Name_____ | Title_____ | SSN/FEIN**_____ | % of ownership_____ |
| Name_____ | Title_____ | SSN/FEIN**_____ | % of ownership_____ |
| Name_____ | Title_____ | SSN/FEIN**_____ | % of ownership_____ |
| Name_____ | Title_____ | SSN/FEIN**_____ | % of ownership_____ |
| Name_____ | Title_____ | SSN/FEIN**_____ | % of ownership_____ |
| Name_____ | Title_____ | SSN/FEIN**_____ | % of ownership_____ |
| Name_____ | Title_____ | SSN/FEIN**_____ | % of ownership_____ |

23. Provide a copy of Applicant's Articles of Incorporation or Partnership Agreement or any other applicable organizational document.

24. If Applicant is not incorporated or organized in California, Applicant is required to provide:

- (a) A current certificate of good standing from Applicant's state of domicile
- (b) A certificate of qualification from the California secretary of state, or if Applicant is an LLC, a certificate of registration
- (c) Appointment of Agent for Service of Process

25. Submit a detailed Plan of Operation that has been verified by an officer of the company who has knowledge of the facts set forth in the Plan. The Plan of Operation should include the following:

- (a) description of Applicant's Marketing Plan, including how life settlements will be solicited and the targeted geographical area
- (b) Detailed description of the corporate organizational structure of Applicant, including its parent company and all affiliates, along with an organizational chart showing the ownership percentage of all affiliated companies up to the ultimate controlling person.
- (c) Detailed description of all criminal, civil, regulatory, and administrative action(s) taken against Applicant and/or Applicant's ultimate controlling parent by any governmental body including actions outside of the United States (within the last ten (10) years) utilizing the following format:
  - a. Date: Show exact date of action
  - b. Government Body Taking Action: be specific, do not abbreviate. Include full name and address of agency, including zip code.
  - c. Case Number or Other Reference: Include both the agency and court case/reference number
  - d. Results of the Action: Give a brief summary of results of the action
- (d) Independent CPA Audited Financial Statements for at least three years or until a profit is shown, whichever period is greater. If Applicant has an incomplete year of business or has not yet shown a profit, then the Department requests Applicant to submit projected financial information for the relevant period(s). The audited and pro forma (projected) financial statements must include a balance sheet, income statement, and any SEC filings. All audited financial statements and pro forma (projected) financial statements and all documents, materials, and communications and other written information submitted or received pursuant to this subdivision shall be received in confidence within the meaning of subdivision of Section 6254 of the Government Code and exempt from disclosure pursuant to the Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code.)
- (e) Detailed description of escrow procedures for life settlements; attach copy of escrow agreement/s.
- (f) Provide detailed description of procedures used by Applicant for protecting insured's and policy owner's sensitive medical and financial information.
- (g) Applicant is required to submit a copy of Applicant's life settlement contract forms to be used in California.



**26. APPLICANT'S CERTIFICATION:**

Further, I certify under penalty of perjury that I have read the foregoing application and know the contents thereof and that each statement therein is full, true and correct. **I also certify under penalty of perjury that I have reviewed California Insurance Code, section 10113.1 through 10113.3 and the Commissioner's Life Settlement Regulations, codified at Title 10, Section 2548.1 et seq. of the California Code of Regulations and thoroughly understand the business of life settlements and my obligations as a life settlement provider.** I understand that pursuant to sections 10113.1(g)(2)(D) and 10113.2(b) of the California Insurance Code, any false statement may subject my application to denial and may subject my license/s to suspension or revocation.

**SIGNATURE:** \_\_\_\_\_

**TITLE:** \_\_\_\_\_

**27. DATE EXECUTED** \_\_\_\_\_, **AT** \_\_\_\_\_, \_\_\_\_\_  
(month, day, year) (city) (state)

Business Telephone Number ( ) \_\_\_\_\_

All fees are filing fees and are not refundable or transferable whether or not the application is acted upon or an examination taken.

\*\* Disclosure of your U. S. social security number is mandatory pursuant to Cal. Civil Code, § 1798.17; Cal. Family Code, § 17520(d); and Federal Privacy Act of 1974, §§7(a) (2) (B) and 7(b). The social security number will be used primarily for purposes of processing your application, including conducting any necessary investigation into your background. If you fail to disclose your social security number, your application will not be reviewed. An individual has a right of access to certain records containing personal information pertaining to that individual. Individuals may obtain information regarding the location of their records by contacting the Bureau Chief, Producer Licensing Bureau, California Department of Insurance by phone (800-967-9331) or by mail, to the following address: 320 Capitol Mall, Sacramento CA 95814.

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NOTE: Authority cited: Insurance Code sections 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20<sup>th</sup> Century Ins. Co. v. Garamendi*, 8 Cal.4<sup>th</sup> 216 (1994). Reference: Insurance Code sections 10113.1, 10113.2, and 10113.3.

**Adopt:**

**Section 2548.17. APPLICATION FOR LIFE SETTLEMENT BROKER'S LICENSE**

| For Department Use Only<br>License _____<br>Effective Date _____<br>WS # _____  | <b>State of California</b><br><b>Individual Application</b><br><b>for Life Settlement Broker</b><br><b>License</b><br>(Type or print clearly)  | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="3" style="text-align: left; padding: 2px;">For Department Use Only</th> </tr> <tr> <td style="width: 33%; padding: 2px;">Ready to Issue</td> <td style="width: 33%; padding: 2px;">Yes</td> <td style="width: 33%; padding: 2px;">No</td> </tr> <tr> <td style="padding: 2px;">Work Auth. Exp. Date</td> <td style="padding: 2px;">N/A</td> <td style="padding: 2px;">Date / /</td> </tr> <tr> <td style="padding: 2px;">Pending DBA Approval</td> <td style="padding: 2px;">No</td> <td style="padding: 2px;">Yes</td> </tr> <tr> <td style="padding: 2px;">Refer to LBB</td> <td style="padding: 2px;">No</td> <td style="padding: 2px;">Yes</td> </tr> </table> | For Department Use Only          |  |  | Ready to Issue | Yes | No | Work Auth. Exp. Date | N/A | Date / / | Pending DBA Approval | No | Yes | Refer to LBB | No | Yes |
|---|--|---|----------------------------------|--|--|----------------|-----|----|----------------------|-----|----------|----------------------|----|-----|--------------|----|-----|
| For Department Use Only   |  |   |                                  |  |  |                |     |    |                      |     |          |                      |    |     |              |    |     |
| Ready to Issue  | Yes  | No  |                                  |  |  |                |     |    |                      |     |          |                      |    |     |              |    |     |
| Work Auth. Exp. Date  | N/A  | Date / /  |                                  |  |  |                |     |    |                      |     |          |                      |    |     |              |    |     |
| Pending DBA Approval  | No   | Yes   |                                  |  |  |                |     |    |                      |     |          |                      |    |     |              |    |     |
| Refer to LBB  | No   | Yes   |                                  |  |  |                |     |    |                      |     |          |                      |    |     |              |    |     |
| <b>Application Type: Life Settlement Broker</b>   |  |   |                                  |  |  |                |     |    |                      |     |          |                      |    |     |              |    |     |
| ① Last Name   | ② First Name   | ③ Full Middle Name  | ④ Suffix                         |  |  |                |     |    |                      |     |          |                      |    |     |              |    |     |
| ⑤ Social Security Number (SSN)*   |  | ⑥ <input type="checkbox"/> Male <input type="checkbox"/> Female   | ⑦ Date of Birth (month/day/year) |  |  |                |     |    |                      |     |          |                      |    |     |              |    |     |
| ⑧ Resident Address (P.O. Box <b>not</b> acceptable)   |  | ⑨ City  | ⑩ State    ⑪ Zip Code            |  |  |                |     |    |                      |     |          |                      |    |     |              |    |     |
| ⑫ Home Phone Number (    )  | ⑬ Are you a citizen of the United States? (check one) <input type="checkbox"/> Yes <input type="checkbox"/> No<br>(If No, you must supply a copy of both sides of your work authorization) |   |                                  |  |  |                |     |    |                      |     |          |                      |    |     |              |    |     |
| ⑭ Business Address (P.O. Box <b>not</b> acceptable.)  |  | ⑮ City  | ⑯ State    ⑰ Zip Code            |  |  |                |     |    |                      |     |          |                      |    |     |              |    |     |
| ⑱ Business Phone Number (    )  | ⑲ Business Fax Number (    )   | ⑳ E-mail Address  | ㉑ Business Web Site Address      |  |  |                |     |    |                      |     |          |                      |    |     |              |    |     |
| ㉒ Mailing Address (P. O. Box <b>is</b> acceptable)  |  | ㉓ City  | ㉔ State    ㉕ Zip Code            |  |  |                |     |    |                      |     |          |                      |    |     |              |    |     |
| <b>㉖ WORK/PERSONAL HISTORY</b>  |  |   |                                  |  |  |                |     |    |                      |     |          |                      |    |     |              |    |     |
| Account for all time for the past five years. Give all employment experiences starting with your current employer working back five years. Include full and part-time work, self-employment, military service, unemployment, and full-time education. Attach separate sheet, if needed. |  |   |                                  |  |  |                |     |    |                      |     |          |                      |    |     |              |    |     |
|   | From   | To  |                                  |  |  |                |     |    |                      |     |          |                      |    |     |              |    |     |
|   | Month  | Year  | Month    Year                    |  |  |                |     |    |                      |     |          |                      |    |     |              |    |     |
| Name  |  |   |                                  |  |  |                |     |    |                      |     |          |                      |    |     |              |    |     |
| City  | State  |   | Position Held                    |  |  |                |     |    |                      |     |          |                      |    |     |              |    |     |
| Name  |  |   |                                  |  |  |                |     |    |                      |     |          |                      |    |     |              |    |     |
| City  | State  |   |                                  |  |  |                |     |    |                      |     |          |                      |    |     |              |    |     |
|   |  |   |                                  |  |  |                |     |    |                      |     |          |                      |    |     |              |    |     |
| City  | State  |   |                                  |  |  |                |     |    |                      |     |          |                      |    |     |              |    |     |
| Name  |  |   |                                  |  |  |                |     |    |                      |     |          |                      |    |     |              |    |     |
| City  | State  |   |                                  |  |  |                |     |    |                      |     |          |                      |    |     |              |    |     |
| ㉗ Do you now hold, or have you ever held an insurance license as a resident in this state or any other state?..... <input type="checkbox"/> Yes <input type="checkbox"/> No<br>If yes, list other states; attach separate piece of paper if necessary.                                  |  |   |                                  |  |  |                |     |    |                      |     |          |                      |    |     |              |    |     |
| Type of License   | State or Province  | Date License Held   | Is License in Force?             |  |  |                |     |    |                      |     |          |                      |    |     |              |    |     |
|   |  |   |                                  |  |  |                |     |    |                      |     |          |                      |    |     |              |    |     |

\* Disclosure of your U. S. social security number is mandatory pursuant to Cal. Civil Code, § 1798.17; Cal. Family Code, § 17520(d); and Federal Privacy Act of 1974, §§7(a) (2) (B) and 7(b). Your social security number will be used primarily for purposes of processing your application, including conducting any necessary investigation into your background. If you fail to disclose your social security number, your application will not be reviewed. An individual has a right of access to certain records containing personal information pertaining to that individual. Individuals may obtain information regarding the location of their records by contacting the Bureau Chief, Producer Licensing Bureau, California Department of Insurance by phone (800-967-9331) or by mail, to the following address: 320 Capitol Mall, Sacramento CA 95814.

**28 AKA/ALIAS**

List previously and currently used aliases and maiden names, if any. If you are currently using an "also known as" (AKA) name which you desire to be noted on record, so state. Abbreviations of true name or **nicknames** are not acceptable.

Are you now using or have you ever used any name other than shown? ..... ☐ Yes ☐ No

If yes, list names, dates and reason(s) used:

| Last  | First | Middle | Suffix | Dates Used | Reason Used |
|-------|-------|--------|--------|------------|-------------|
| _____ | _____ | _____  | _____  | _____      | _____       |
| _____ | _____ | _____  | _____  | _____      | _____       |

**29 FICTITIOUS NAMES:**

Do you intend to use a fictitious (DBA) name? ..... ☐ Yes ☐ No

If yes, list the name: (This name must be approved by the Department prior to use.)

**30 15-Hours of Life Settlement Continuing Education Certificate is required for Life Settlement Brokers and Life Agents that are licensed for less than one year:**

Do you certify that you have completed the 15-Hour Life Settlement Continuing Education? ..... ☐ Yes ☐ No

If no, the 15-hour continuing education must be completed prior to the issuance of your license.

If yes, you must provide the completion date: \_\_\_\_\_

## **BACKGROUND INFORMATION**

**IF YOU FAIL TO FULLY DISCLOSE ANY INFORMATION THAT IS REQUESTED OR  
IF YOU MAKE A FALSE STATEMENT, YOUR APPLICATION MAY BE DENIED.**

1. Have you ever been convicted of a felony? ..... ☐ Yes ☐ No

For the purpose of this application, you have been "convicted" if you were ever found guilty by verdict of a judge or jury; and/or ever entered a plea of guilty, nolo contendere or no contest. You must disclose all convictions, even if the charges were later dismissed or expunged, your guilty plea was withdrawn pursuant to Penal Code Section 1203.4, or you were placed on probation, received a suspended sentence or just ordered to pay a fine. If you fail to disclose all convictions, your application may be denied. You may exclude juvenile offenses tried in juvenile court.

If you answer "Yes" to this BACKGROUND question, you must attach to this application \*\*:

- a) a written statement, with original signature, explaining the circumstances of each conviction or charge; and
- b) certified copies of the charging documents, and of the court documents which detail the conviction, resolution of the charges, probation and any final judgment.

- 2a. Have you ever been convicted of a felony involving dishonesty or a breach of trust? ..... ☐ Yes ☐ No

Federal law (18 U.S.C. 1033) prohibits anyone who has been convicted of a felony involving dishonesty or a breach of trust or who has been convicted of any violation of 18 U.S.C. 1033 and 1034 from conducting the business of insurance unless they have obtained the written consent of the Insurance Commissioner. It is a violation of this statute to conduct business of insurance without the Commissioner's written consent. If you have been convicted of a felony involving dishonesty or a breach of trust or a violation of 18 U.S.C. 1033 and 1034, then you must attach a copy of this consent. If you have not obtained this written consent you must do so prior to filing your application.

- 2b. If "Yes", have you received consent from the California Insurance Commissioner? ..... ☐ Yes ☐ No

For the purpose of this application, you have been "convicted" if you were ever found guilty by verdict of a judge or jury; and/or ever entered a plea of guilty, nolo contendere or no contest. You must disclose all convictions, even if the charges were later dismissed or expunged, your guilty plea was withdrawn pursuant to Penal Code Section 1203.4, or you were placed on probation, received a suspended sentence or just ordered to pay a fine. If you fail to disclose all convictions, your application may be denied. You may exclude juvenile offenses tried in juvenile court.

If you answered "Yes" to this BACKGROUND question 2a, you must attach to this application \*\*:

- a) a written statement, with original signature, explaining the circumstances of each conviction or charge; and
- b) certified copies of the charging documents, and of the court documents which detail the conviction, resolution of the charges, probation and any final judgment.

3. Have you ever been convicted of a misdemeanor? ..... ☐ Yes ☐ No

For the purpose of this application, you have been "convicted" if you were ever found guilty by verdict of a judge or jury; and/or ever entered a plea of guilty, nolo contendere or no contest. You must disclose all convictions, even if the charges were later dismissed or expunged, your guilty plea was withdrawn pursuant to Penal Code Section 1203.4, or you were placed on probation, received a suspended sentence or just ordered to pay a fine. If you fail to disclose all convictions, your application may be denied. You may exclude juvenile offenses tried in juvenile court.

If you answer "Yes" to this BACKGROUND question, you must attach to this application \*\*:

- a) a written statement, with original signature, explaining the circumstances of each conviction or charge; and
- b) certified copies of the charging documents, and of the court documents which detail the conviction, resolution of the charges, probation and any final judgment.

## Background information continued

IF YOU FAIL TO FULLY DISCLOSE ANY INFORMATION THAT IS REQUESTED OR  
IF YOU MAKE A FALSE STATEMENT, YOUR APPLICATION MAY BE DENIED

4. Have you ever been convicted of a military offense? ..... ☐ Yes ☐ No

For the purpose of this application, you have been "convicted" if you were ever found guilty by verdict of a judge or jury; and/or ever entered a plea of guilty, nolo contendere or no contest. You must disclose all convictions, even if the charges were later dismissed or expunged, your guilty plea was withdrawn pursuant to Penal Code Section 1203.4, or you were placed on probation, received a suspended sentence or just ordered to pay a fine. If you fail to disclose all convictions, your application may be denied. You may exclude juvenile offenses tried in juvenile court.

If you answer "Yes" to this BACKGROUND question, you must attach to this application \*\*:

- a) a written statement, with original signature, explaining the circumstances of each conviction or charge; and
- b) certified copies of the charging documents, and of the court documents which detail the conviction, resolution of the charges, probation and any final judgment.

5. Are you currently charged with committing a crime? ..... ☐ Yes ☐ No

"Crime" includes a felony, a misdemeanor or a military offense. You may exclude traffic citations but should include driving offenses such as, but not limited to, reckless driving, driving under the influence and driving with a suspended license.

If you answer "Yes" to this BACKGROUND question, you must attach to this application \*\*

- a) a written statement, with original signature, explaining the circumstances of each charge; and
- b) certified copies of the charging documents.

6. Have you ever been involved in an administrative proceeding (including matters with the Department of Insurance) regarding any professional or occupational license? ..... ☐ Yes ☐ No

"Involved" means having a license censured, suspended, revoked, cancelled, terminated; or being assessed a fine, placed on probation or surrendering a license to resolve an administrative action. "Involved" also means being named a party to an administrative or arbitration proceeding which is related to a professional or occupational license. "Involved" also means having a license application denied or the act of withdrawing an application to avoid denial. You may exclude terminations due solely to noncompliance with continuing education requirements or failure to pay a renewal fee.

If you answer "Yes" to this BACKGROUND question, you must attach to this application \*\*:

- a) a written statement, with original signature, explaining the circumstances of each disciplinary incident; and
- b) certified copies of the Notice of Hearing or other document that states the charges and allegations, and of the document which demonstrates the resolution of the charges or any final judgment.

7. Has any business in which you were an owner, partner, officer or director ever been involved in an administrative proceeding (including matters with the Department of Insurance)?... ..... ☐ Yes ☐ No

"Involved" means having a license censured, suspended, revoked, cancelled, terminated; or being assessed a fine, placed on Probation or surrendering a license to resolve an administrative action. "Involved" also means being named a party to an administrative or arbitration proceeding which is related to a professional or occupational license. "Involved" also means having a license application denied or the act of withdrawing an application to avoid denial. You may exclude terminations due solely to noncompliance with continuing education requirements or failure to pay a renewal fee.

If you answer "Yes" to this BACKGROUND question, you must attach to this application \*\*:

- a) a written statement, with original signature, explaining the circumstances of each disciplinary incident; and
- b) certified copies of the Notices of Hearing or other documents that state the charges and allegations, and of any document Which demonstrate the resolution of the charges or any final judgment.

8. Has any demand been made or judgment rendered against you for any overdue monies by any insurer, insured or producer, or have you ever been subject to a bankruptcy proceeding? (only include bankruptcies that involve funds held on behalf of others) ..... ☐ Yes ☐ No

If you answer yes, submit a statement, with an original signature, summarizing the details of the indebtedness and arrangements for repayment, and/or type and location of bankruptcy.

9. Have you ever been notified by any jurisdiction to which you are applying of any delinquent tax obligation that is not the subject of a repayment agreement? ..... ☐ Yes ☐ No

If you answer "Yes" to this BACKGROUND question, identify the jurisdiction(s): \_\_\_\_\_

Background information continued

IF YOU FAIL TO FULLY DISCLOSE ANY INFORMATION THAT IS REQUESTED OR  
IF YOU MAKE A FALSE STATEMENT, YOUR APPLICATION MAY BE DENIED

10. Are you currently a party to or have you ever been found liable in any lawsuit or arbitration proceeding involving allegations of fraud, misappropriation or conversion of funds, misrepresentation or breach of fiduciary duty? ..... ☐ Yes ☐ No

If you answer "Yes" to this BACKGROUND question, you must attach to this application \*\*:

a) a written statement, with original signature, summarizing the details of each incident; and,

b) a copy of the Petition, Complaint, or other document that commenced the lawsuit or arbitration, and

c) a copy of the official document which demonstrates the resolution of the charges or any final judgment.

11. Have you or any business in which you are or were an owner, partner, officer or director ever had an insurance agency contract or any other business relationship with an insurance company terminated for any alleged misconduct?..... ☐ Yes ☐ No

If you answer "Yes" to this BACKGROUND, you must attach to this application:

a) a written statement, with original signature, summarizing the details of each incident and explaining why you feel this incident should not prevent you from receiving an insurance license; and,

b) copies of any relevant documents.

\*\*Additional information for background questions 1, 2b, 3, 4, 5, 6, 7 and 10. An applicant who is required to submit any such certified source of documents in order to obtain the required certified copy. Failure to provide to the Department either copies of this correspondence or the incomplete. Unless and until the required certified copies of the charging documents and court documents are in the possession of the applicant, copies upon request.

12 APPLICANT'S CERTIFICATION:

I certify under penalty of perjury that I have read the foregoing application and know the contents thereof and that each statement therein is full, true and correct. I also certify under penalty of perjury that I have reviewed California Insurance Code, section 10113.1 through 10113.3 and the Commissioner's Life Settlement Regulations, codified in Title 10, Section 2548.1 et seq. of the California Code of Regulations and thoroughly understand the business of life settlements and my obligations as a life settlement broker. I understand that pursuant to sections 10113.1(g)(2)(D) and 10113.2 (b) of the California Insurance Code, any false statement may subject my application to denial and may subject my license/s to suspension or revocation.

All fees are filing fees and are not refundable, whether or not the application is acted upon.

APPLICANT'S SIGNATURE: ► \_\_\_\_\_ CITY \_\_\_\_\_ DATE \_\_\_\_\_

## INSTRUCTIONS FOR COMPLETING APPLICATION

**RE: "Applicant name"** Enter full legal name. If no middle name, enter (NMN). If any part of your legal name is an initial only, place parentheses around such initial.

**RE: "Address information"** Do not enter the word "same" in any address area. Enter the appropriate address. P. O. Box is **not** acceptable for a resident or business address. Business and mailing addresses are public record and are available to the public. **It is the applicant's/licensee's responsibility to notify the department of any change in address.**

**RE: "Are you a citizen of the United States"** If no is answered, the applicant must supply a copy of both sides of the work authorization.

**RE: "Previous license history information"** If currently licensed as a resident in another state, upon becoming a California resident, a clearance letter from the previous state of residence is also required.

**RE: "AKA/Alias"** List previously and currently used aliases and maiden names, if any. If you are currently using an "also known as" (AKA) name which you desire to be noted on record, so state. Abbreviations of true name or "nick" names are not acceptable.

**RE: "Background questions"** If you answer yes to any of these questions, you must submit a signed statement, with your original signature summarizing the details of each event. You must also provide the additional certified documentation described with each question.

- To obtain insurance licensing information, you may phone our Sacramento Producer Licensing Bureau's Adjuster unit at (916)322-3555. You may also obtain licensing information and a complete list of licensing fees by visiting our Web site at <http://www.insurance.ca.gov>
- 
- Mail application with attachments and fees to : Department of insurance  
P. O. Box 1139  
Sacramento, CA 95812-1139

All fees are filing fees and are not refundable, whether or not the application is acted upon.

### Notice: Information collection and access

Section 1798.17 of the California Civil Code requires the following information to be provided when collecting information from individuals to determine compliance with the group and corporate practice provisions of the law, and to establish positive identification, to match the names of the certified list provided by the Department of Child Support Services to applicants and licensees, and of responding to requests for this information made by child support agencies.

Agency: Department of Insurance, Address: 320 Capitol Mall, Sacramento, Ca 95814-4309, Telephone number: (800) 967-9331

Title of official responsible for information maintenance: Chief, Producer Licensing Bureau

Authority which authorizes the maintenance of the information: California Insurance Code, Chapters 5, 6, 7, 8-Part 2, Division 1

The consequences, if any, of not providing all or part of the requested information: It is mandatory that you provide all information requested. Omission of any item of requested information will result in the application being rejected as incomplete.

The principal purpose(s) for which the information is to be used: The information requested will be used to determine qualifications for licensure or certification, to determine compliance with the group and corporate practice provisions of the law and to establish positive identification.

Each individual has the right to review filed maintained on them by the agency, unless the information is classified as Confidential under section 1798.3(a) of the Civil Code.

NOTE: Authority cited: Insurance Code section 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20<sup>th</sup> Century Ins. Co. v. Garamendi*, 8 Cal.4<sup>th</sup> 216 (1994).  
Reference: Insurance Code section: 10113.2.

**Adopt:**

**Section 2548.18. REQUIRED FINGERPRINTING FOR LIFE SETTLEMENT  
BROKER'S LICENSE APPLICANTS.**

- (a) All applicants for a life settlement broker's license who do not currently hold an active California life agent license and have not submitted fingerprints to the California Department of Insurance within the previous 12 months for other licensing purposes are required to submit fingerprint impressions by following the procedure specified below.
  - (1) The applicant must obtain a hardcopy of the Department's Live Scan request form either from the Department's contracted Live Scan vendor, in the event the applicant has made an appointment with that vendor, or by downloading and printing the form from the Department's website: [insurance.ca.gov](http://insurance.ca.gov).
  - (2) The applicant must complete the applicant's portion of the Department's Live Scan request form by providing on the form the following information:
    - A. Full legal name;
    - B. Any former names or aliases;
    - C. Date of birth;
    - D. Gender;
    - E. Height;
    - F. Weight;
    - G. Eye Color;
    - H. Hair Color, and
    - I. Place of Birth;
    - J. Social Security number;
    - K. Driver's license number;
    - L. Daytime telephone number; and
    - M. Resident address.
  - (3) The applicant must present to a Live Scan vendor the completed Live Scan request form and obtain from that vendor the requisite fingerprint impression services.
  - (4) The applicant must retain, until the license is issued, the information that will be provided on the Department's Live Scan request form by the Live Scan vendor, including but not limited to the Applicant Transmission Identifier (ATI).
- (b) Live Scan impressions obtained without providing the Department's Live Scan request form to the Live Scan vendor will not satisfy the requirements of this



Section 2548.18, and any ATI provided by a Live Scan vendor to which the applicant did not submit the Department's Live Scan request form at the time of fingerprinting will be deemed invalid for purposes of subparagraph (a)(1) of Section 2548.18.

NOTE: Authority cited: Insurance Code sections 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20<sup>th</sup> Century Ins. Co. v. Garamendi*, 8 Cal.4<sup>th</sup> 216 (1994). Reference: Insurance Code section 10113.2.

**Adopt:**

**Section 2548.19. LIFE PRODUCER NOTIFICATION OF BROKERING LIFE SETTLEMENTS.**

State of California

Department of Insurance

**Life Producer Notification of Brokering Life Settlements**

LIC 441-20N (Rev 06/2010)

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Producer Licensing Bureau  
P.O. Box 1139  
Sacramento, CA 95812-1139  
(916) 492-3085

Pursuant to Section 10113.2 (b)(1)(D)(ii) of the California Insurance Code

A life insurance producer who is duly licensed as a life agent for at least one year in California or as a licensed nonresident producer in California for one year shall be permitted to operate as a life settlement broker. Not later than 10 days from the first day of operating as a life settlement broker, the life insurance producer shall notify the commissioner that he or she is acting as a life settlement broker by submitting this form and a fee of \$128.

1. Name: \_\_\_\_\_  
Last First Middle

2. Social Security Number\*: \_\_\_\_-\_\_\_\_-\_\_\_\_

3. Current Producer License Number: \_\_\_\_\_ (include seven digit-license number)

**Applicants Certification:**

I certify under penalty of perjury that I have read the foregoing application and know the contents thereof and that each statement therein is full, true and correct. I also certify under penalty of perjury that I have reviewed California Insurance Code, section 10113.1 through 10113.3 and the Commissioner's Life Settlement Regulations, codified in Title 10, Section 2548.1 et seq. of the California Code of Regulations and thoroughly understand the business of life settlements and my obligations as a life settlement broker. I understand that pursuant to sections 10113.1(g)(2)(D) and 10113.2 (b) of the California Insurance Code, any false statement may subject my application to denial and may subject my license/s to suspension or revocation.

**APPLICANT'S SIGNATURE:** ► \_\_\_\_\_

**CITY** \_\_\_\_\_ **DATE** \_\_\_\_\_

All fees are filing fees and are not refundable, whether or not the application is acted upon.

MAIL NOTIFICATION AND FEES TO: DEPARTMENT OF INSURANCE  
P. O. BOX 1139  
SACRAMENTO, CA 95812-1139

\*\* Disclosure of your U. S. social security number is mandatory pursuant to Cal. Civil Code, § 1798.17; Cal. Family Code, § 17520(d); and Federal Privacy Act of 1974, §§7(a) (2) (B) and 7(b). Your social security number will be used primarily for purposes of processing your application, including conducting any necessary investigation into your background. If you fail to disclose your social security number, your application will not be reviewed. An individual has a right of access to certain records containing personal information pertaining to that individual. Individuals may obtain information regarding the location of their records by contacting the Bureau Chief, Producer Licensing Bureau, California Department of Insurance by phone (800-967-9331) or by mail, to the following address: 320 Capitol Mall, Sacramento CA 95814.

NOTE: Authority cited: Insurance Code sections 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20<sup>th</sup> Century Ins. Co. v. Garamendi*, 8 Cal.4<sup>th</sup> 216 (1994). Reference: Insurance Code section 10113.2.

**Adopt:**

**Section 2548.20. NOTIFICATION / LICENSE TERMS.**

- (a) A life producer who has complied with the procedure in Section 2548.19 herein will be granted a two-year life settlement broker notification which will coincide with the terms of his or her two-year life producer license. The license renewal date for the life settlement broker notification is the same date as that of the individual's life producer license;
- (b) A life settlement broker who has complied with the procedure in Section 2548.17 herein will have a one-year license term. The license renewal date for this license is the last day of the month in the year following the year of the license's issuance.
- (c) A life settlement broker or a life producer who has notified the Commissioner that he or she is brokering life settlements who has not renewed on or before the applicable renewal date expires must discontinue transacting life settlements. To resume brokering life settlements, such individuals must either re-apply or re-notify the Commissioner as applicable per Section 2548.7.

Note: Authority cited: Insurance Code sections 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20<sup>th</sup> Century Ins. Co. v. Garamendi*, 8 Cal. 4th 216 (1994). Reference: Insurance Code section 10113.2 .

**Adopt:**

**Section 2548.21. FEES.**

- (a) An individual or business entity applying for the life settlement broker license shall pay a one-year license fee of \$128.

- (b) An individual or business entity licensed as life insurance producer who notifies the Commissioner that he or she is brokering life settlements shall pay a two-year notification fee of \$128.
- (c) An individual or business entity licensed as a life settlement broker shall pay a one-year renewal fee of \$128.
- (d) An individual or business entity licensed as a life insurance producer who notifies the Commissioner that he or she is brokering life settlements shall pay a two-year renewal fee of \$128.
- (e) No license application or notification for which the Commissioner does not receive payment of the appropriate fee or fees as specified in Section 2548.21 shall under any circumstances be accepted for filing.
- (f) An individual applying for the life settlement broker license is responsible for paying to the Live Scan vendor including the vendor's rolling fee and the criminal history processing fees collected by the California Department of Justice and the Federal Bureau of Investigation.

NOTE: Authority cited: Insurance Code sections 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20th Century Ins. Co. v. Garamendi*, 8 Cal. 4th 216 (1994). Reference: Insurance Code section 10113.2.

**Adopt:**

**Section 2548.22. BUSINESS ENTITY APPLICATION.**

- (a) Any business entity acting as a life settlement broker in California pursuant to Insurance Code section 10113.2(b)(1) or 10113.2(b)(1)(D)(ii) shall submit to the California Insurance Commissioner an application for a license, by submitting the form referenced at Section 2548.23 herein. The Commissioner shall have the authority to require an applicant to fully disclose the identification of all stockholders who hold more than 10 percent of the shares of the company, as well as all partners, directors, members, officers, managers, controlling persons, or designated employees. The commissioner may refuse to issue a license to the business entity if the commissioner is not satisfied that any stockholder, partner, director, member, officer, manager, controlling person, or designated employee meets the standards of Insurance Code sections 10113.2(b)(1) and 10113.2(b)(2).
- (b) Business entities shall submit to the commissioner the form referenced at section 2548.24 ("Business Entity Endorsement") that permits individually licensed life settlement brokers to exercise the brokerage powers of the business entity. Upon the termination of employment of any life settlement broker, business entities shall submit to the commissioner a notice that terminates these individuals' authority to exercise the

brokerage powers of the business entity on the form referenced at section 2548.25 herein (“Business Entity Endorsement Termination”).

NOTE: Authority cited: Insurance Code sections 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20th Century Ins. Co. v. Garamendi*, 8 Cal. 4th 216 (1994). Reference: Insurance Code sections 10113.1, 10113.2.

**Adopt:**  
**2548.23. BUSINESS ENTITY APPLICATION FORM.**

For Department Use Only  
 License # \_\_\_\_\_  
 Effective Date \_\_\_\_\_  
 WS# \_\_\_\_\_

**State of California – Department of Insurance**  
**Business Entity Application**  
**for Life Settlement Broker License**  
 (Type or print clearly)

**1 BUSINESS ENTITY TYPES:**  
 (check only one please)

☐ Corporation

☐ General Partnership

☐ Limited Liability Company

☐ Nonprofit Corporation

☐ Unincorporated Association

☐ Limited Liability Partnership/Limited Partnership

**2** Business Entity Name \_\_\_\_\_

**3** Federal Employer Identification Number \_\_\_\_\_

**4** Incorporation /Formation date \_\_\_\_\_  
 month day year

**5** State of Incorporation: \_\_\_\_\_

**6** Business Address (P.O. Box not acceptable.) \_\_\_\_\_

**7** City \_\_\_\_\_

**8** State \_\_\_\_\_

**9** Zip Code \_\_\_\_\_

**10** Business Phone Number ( ) \_\_\_\_\_

**11** Business Fax Number ( ) \_\_\_\_\_

**12** Business E-mail Address \_\_\_\_\_

**13** Business Web Site Address \_\_\_\_\_

**14** Mailing Address (P. O. Box is acceptable) \_\_\_\_\_

**15** City \_\_\_\_\_

**16** State \_\_\_\_\_

**17** Zip Code \_\_\_\_\_

**18 FICTITIOUS NAMES:**

C. Does the business entity intend to use a fictitious (DBA) name? ..... ☐ Yes ☐ No

If yes, list such name: \_\_\_\_\_

D. Is the business entity now or has it ever used any name other than shown? ..... ☐ Yes ☐ No

If yes, list names, dates and reason(s) used. \_\_\_\_\_

**19** Does the Business Entity hold or has it ever held an insurance license as a resident in any state, including the state of California?  
 If yes, complete the following: (attach a separate sheet if needed) ☐ Yes ☐ No

| Type of License and License Number | State or Province | Date License Held | Is License In Force? |
|------------------------------------|-------------------|-------------------|----------------------|
|                                    |                   |                   |                      |
|                                    |                   |                   |                      |

**DESIGNATED/RESPONSIBLE LICENSED LIFE SETTLEMENT BROKER**

**20** *Identify all Designated/Responsible Licensed Life Settlement Brokers\**

Name \_\_\_\_\_ SSN\*\* \_\_\_\_\_ License # \_\_\_\_\_

Name \_\_\_\_\_ SSN\*\* \_\_\_\_\_ License # \_\_\_\_\_

Name \_\_\_\_\_ SSN\*\* \_\_\_\_\_ License # \_\_\_\_\_

Name \_\_\_\_\_ SSN\*\* \_\_\_\_\_ License # \_\_\_\_\_

(Attach a separate sheet if needed)

\*Note: If not a current California licensee (resident or non-resident), a separate application form LIC 441-20 must be completed by each person name above.  
 \*\*Disclosure of your U. S. social security number is mandatory pursuant to Cal. Civil Code, § 1798.17; Cal. Family Code, § 17520(d); and Federal Privacy Act of 1974, §§7(a) (2) (B) and 7(b). Your social security number will be used primarily for purposes of processing your application, including conducting any necessary investigation into your background. If you fail to disclose your social security number, your application will not be reviewed. An individual has a right of access to certain records containing personal information pertaining to that individual. Individuals may obtain information regarding the location of their records by contacting the Bureau Chief, Producer Licensing Bureau, California Department of Insurance by phone (800-967-9331) or by mail, to the following address: 320 Capitol Mall, Sacramento CA 95814.

## BUSINESS ENTITY DISCLOSURE

|   |  |             |                  |                      |
|---|--|-------------|------------------|----------------------|
| <b>21</b>                                       | <i>Identify all partners, members, officers, directors, managers, controlling persons and any shareholders owning 10% or more interest in the business entity.</i> |             |                  |                      |
|   | Name _____   | Title _____ | SSN/FEIN** _____ | % of ownership _____ |
|   | Name _____   | Title _____ | SSN/FEIN** _____ | % of ownership _____ |
|   | Name _____   | Title _____ | SSN/FEIN** _____ | % of ownership _____ |
| (Attach separate sheet if more space is needed) |  |             |                  |                      |

**CONTROLLING PERSON:**

A "Controlling Person" is defined as the following: If you are listing a corporation, partnership, limited liability company, limited partnership, holding company or trust in section #21, then you must identify the Controlling Person or Persons, including the president, chief executive officer, chairman of the board, those people that own 10% or more of the stock and any other person who directly or indirectly possess the power to control the affairs of the business entity.

|            |             |                  |                      |
|------------|-------------|------------------|----------------------|
| Name _____ | Title _____ | SSN/FEIN** _____ | % of ownership _____ |
| Name _____ | Title _____ | SSN/FEIN** _____ | % of ownership _____ |
| Name _____ | Title _____ | SSN/FEIN** _____ | % of ownership _____ |

(Attach separate sheet if more space is needed)

**BACKGROUND INFORMATION**

**23** Has the business entity or any of its partners, members, controlling persons, officers, directors, managers, or any shareholders owning 10% or more interest in the business entity, ever been convicted of, or is the business entity or, any partner, member, controlling person officer director, manager or any shareholders owning 10% or more interest in the business entity currently charged with, committing a crime, whether or not adjudication was withheld?..... ☐ Yes ☐ No

“Crime” includes a misdemeanor, felony or military offense. You may exclude misdemeanor traffic citations and juvenile offenses. “Convicted” includes, but is not limited to, having been found guilty by a verdict of a judge or jury, having entered a plea of guilty or nolo contendere, or having any charge dismissed or plea withdrawn pursuant to Penal Code Section 1203.4, or having been given probation, a suspended sentence or a fine.

If you answer yes, you must attach to this application:

- a) a written statement with original signature explaining the circumstances of each incident,
- b) a certified copy of the charging document; and,
- c) a certified copy of the official document which demonstrates the resolution of the charges or any final judgment

**24** Has the business entity or any of its partners, members, controlling persons, officers, directors, managers or any shareholders owning 10% or more interest in the business entity, ever been involved in an administrative proceeding regarding any professional or occupational license?..... ☐ Yes ☐ No

“Involved” means having a license censured, suspended, revoked, canceled, terminated; or, being assessed a fine, placed on probation or surrendering a license to resolve an administrative action. “Involved” also means being named as a party to an administrative or arbitration proceeding which is related to a professional or occupational license. “Involved” also means having a license application denied or the act of withdrawing an application to avoid a denial. You may exclude terminations due solely to noncompliance with continuing education requirements or failure to pay a renewal fee.

If you answer yes, you must attach to this application:

- a) a written statement with original signature identifying the type of license and explaining the circumstances of each incident,
- b) a certified copy of the Notice of Hearing or other document that states the charges and allegations, and
- c) a certified copy of the official document which demonstrates the resolution of the charges or any final judgment.

**25** Has any demand been made or judgment rendered against the business entity or any of its partners, members, controlling persons, officers, directors, managers or any shareholders owning 10% or more interest in the business entity for overdue monies by an insurer, insured or producer, or have you ever been subject to a bankruptcy proceeding?..... ☐ Yes ☐ No

**21** If you answer yes, submit a statement summarizing the details of the indebtedness and arrangements for repayment.

**26** Has the business entity or any of its partners, members, controlling persons, officers, directors, managers or any shareholders owning 10% or more interest in the business entity, ever been notified by any jurisdiction to which you are applying of any delinquent tax obligation that is not the subject of a repayment agreement?..... ☐ Yes ☐ No

If you answer yes, identify the jurisdiction(s): \_\_\_\_\_

- 27 Has the business entity or any of its partners, members, controlling persons, officers, directors, managers or any shareholders owning 10% or more interest in the business entity, a party to, or ever been found liable in any lawsuit or arbitration proceeding involving allegations of fraud, misappropriation or conversion of funds, misrepresentation or breach of fiduciary duty? ..... ☐ Yes ☐ No

If you answer yes, you must attach to this application:

- a) a written statement with original signature summarizing the details of each incident,
- b) a copy of the Petition, Complaint or other document that commenced the lawsuit or arbitration; and
- c) a copy of the official document which demonstrates the resolution of the charges or any final judgment.

- 28 Has the business entity or any of its partners, members, controlling persons, officers, directors, managers or any shareholders owning 10% or more interest in the business entity, ever had an insurance agency contract or any other business relationship with an insurance company terminated for any alleged misconduct? ..... ☐ Yes ☐ No

If you answer yes, you must attach to this application:

- a) a written statement with original signature summarizing the details of each incident and explaining why you feel this incident should not prevent you from receiving an insurance license; and
- b) copies of all relevant documents.

Page 2 of 54

Form LIC 441-18 (Rev 05/2010)

**APPLICANT'S CERTIFICATION:**

I (we) certify (or declare) under penalty of perjury that:

- (a) the named business entity intends actively and in good faith to carry on life settlement business with the general public;
- (b) the business entity's articles of incorporation or articles of organization or association or partnership agreement, as the case may be, do not forbid it to act in the capacity for which this application is being made;
- (c) the holding of the license hereby applied for is not incompatible with the laws, rules or regulations of any federal, state, county or municipal government for which it performs work (if any) by which it is licensed (if any);
- (d) if the license is granted, only those natural persons so authorized will transact life settlements under each license;

I certify under penalty of perjury that I have read the foregoing application and know the contents thereof and that each statement therein is full, true and correct. I also certify under penalty of perjury that I have reviewed California Insurance Code, section 10113.1 through 10113.3 and the Commissioner's Life Settlement Regulations, codified in Title 10, Section 2548.1 et seq. of the California Code of Regulations and thoroughly understand the business of life settlements and my obligations as a life settlement broker. I understand that pursuant to sections 10113.1(g)(2)(D) and 10113.2(b) of the California Insurance Code, any false statement may subject my application to denial and may subject my license/s to suspension or revocation.

29

➤ **SIGNATURE(S)** \_\_\_\_\_ **Title** \_\_\_\_\_  
\_\_\_\_\_  
(type name and title) **Title** \_\_\_\_\_  
\_\_\_\_\_  
(type name and title) **Title** \_\_\_\_\_  
\_\_\_\_\_  
(type name and title) **Title** \_\_\_\_\_

**IMPORTANT NOTICE**

If organization is a partnership, each partner must sign this application.

If organization is a corporation, an officer having authority to bind the organization must sign.

If organization is a limited liability company, an officer, member or manager having authority to bind the organization must sign.

If organization is a nonprofit corporation or unincorporated association, all members must sign.

➤ **DATE EXECUTED** \_\_\_\_\_, **AT** \_\_\_\_\_, \_\_\_\_\_  
(month, day, year) (city) (state)

**BUSINESS PHONE #** ( ) \_\_\_\_\_

➤ All filing fees are not refundable, whether or not the application is acted upon or an examination taken.

Page 3 of 4

Form LIC 441-18 (Rev 05/2010)



## INSTRUCTIONS FOR COMPLETING BUSINESS ENTITY APPLICATION

**RE: "BUSINESS ENTITY NAME":**

The true business entity name must be entered. Include commas, hyphens, ampersands, etc. This name is subject to disapproval by the Insurance Commissioner.

**RE: "FICTITIOUS NAME":**

If you intend to transact life settlements in a name other than the true business entity name, enter such fictitious name.

**RE: "DESIGNATED/RESPONSIBLE LIFE SETTLEMENT BROKER":**

You must list all licensed life settlement brokers intending to transact on behalf of the business entity. All unlicensed life settlement brokers intending to transact on behalf of the business entity must complete form 441-20.

**RE: "CONTROLLING PERSON":**

Insurance Code Section 1668.5(b), in part, defines a "controlling person" as a person who possesses the power to direct or cause the direction of the management and policies of the business entity.

**RE: "BACKGROUND INFORMATION":**

If the answer is "yes" to any of these questions, you must submit required documentation.

**RE: "APPLICANT'S CERTIFICATION":**

**Partnership** - each partner of the partnership must sign. **Corporation or Association** - an officer having authority to bind the Corporation or Association must sign.

**FEES**

A) Licenses are issued for a one-year term, which begins the date the first license is issued to the business entity and ends the last day of that calendar month one year later.

B) **Fees:** Filing fees are required for each business entity application submitted.

- **PLEASE REVIEW THE APPLICATION CAREFULLY AFTER COMPLETION. ANY OMISSIONS OR DEFICIENCIES WILL RESULT IN A DELAY IN THE PROCESSING OF YOUR APPLICATION FOR LICENSE.**
- **MAIL APPLICATION WITH FEES TO: DEPARTMENT OF INSURANCE  
P. O. BOX 1139  
SACRAMENTO, CA 95812-1139**
- **DIRECT QUESTIONS REGARDING THIS FILING TO THE PRODUCER LICENSING BUREAU IN SACRAMENTO, (800) 967-9331 or (916) 322-3555**
- **ALL FEES ARE FILING FEES AND ARE NOT REFUNDABLE OR TRANSFERABLE, WHETHER OR NOT THE APPLICATION IS ACTED UPON OR THE EXAMINATION TAKEN.**

**NOTICE: INFORMATION COLLECTION AND ACCESS**

Section 1798.17 of the California Civil Code requires the following information to be provided when collecting information from individuals to determine compliance with the group and corporate practice provisions of the law, and to establish positive identification, to match the names of the certified list provided by the Department of Child Support Services to applicants and licensees, and of responding to requests for this information made by child support agencies.

**AGENCY:** Department of Insurance      **ADDRESS:** 320 Capitol Mall, Sacramento, Ca 95814-4309      **TELEPHONE NUMBER:** (800) 967-9331 or (916) 322-3555

**TITLE OF OFFICIAL RESPONSIBLE FOR INFORMATION MAINTENANCE:** Chief, Producer Licensing Bureau

**AUTHORITY WHICH AUTHORIZES THE MAINTENANCE OF THE INFORMATION:** California Insurance Code, Chapters 5, 6, 7, 8-Part 2, Division 1

**THE CONSEQUENCES, IF ANY, OF NOT PROVIDING ALL OR PART OF THE REQUESTED INFORMATION:** It is mandatory that you provide all information requested. Omission of any item of requested information will result in the application being rejected as incomplete.

**THE PRINCIPAL PURPOSES (S) FOR WHICH THE INFORMATION IS TO BE USED:** The information requested will be used to determine qualifications for licensure or certification, to determine compliance with the group and corporate practice provisions of the law and to establish positive identification.

**EACH INDIVIDUAL HAS THE RIGHT TO REVIEW FILES MAINTAINED ON THEM BY THE AGENCY, UNLESS THE INFORMATION IS CLASSIFIED AS CONFIDENTIAL UNDER SECTION 1798.3(a) OF THE CIVIL CODE.**

NOTE: Authority cited: Insurance Code sections 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20th Century Ins. Co. v. Garamendi*, 8 Cal. 4th 216 (1994). Reference: Insurance Code sections 10113.1, 10113.2.

Adopt:

**2548.24. BUSINESS ENTITY ENDORSEMENT FORM.**

State of California

Department of Insurance

**Business Entity Endorsement**

LIC 411-8A (Rev 07/2010)

Producer Licensing Bureau  
P.O. Box 1139  
Sacramento, CA 95812-1139  
(916) 322-3555 or (800) 967-9331  
www.insurance.ca.gov

Pursuant to Section 1627 and 1661 of the Insurance Code

License Number of Business Entity:

Business Entity Name:

Mailing Address:

City, State, Zip:

**To the Insurance Commissioner of the State of California: Effective from the date of filing this notice, the Business Entity hereby endorses the person(s) named to exercise the agency or brokerage powers of the business entity.**

**Note:** Enter only **one** endorsement type per line. (Exception SL/SP)

\***AH** - Accident and Health Agent \***LO** - Life-Only Agent **LI** - Life-Limited to the Payment of Funeral & Burial Expenses  
**FX** - Fire/Casualty Broker-Agent **AU** - Limited Lines Automobile Insurance Agent **LA** - Life and Disability Analyst  
**CS** - Cargo Shipper's Agent \*\***CI** - Credit Insurance Agent **PL** - Personal Lines Broker Agent **MC** - Motor Club  
Agent **SL** - Surplus Line Broker **SP** - Special Lines' Surplus Line Broker **SL/SP** - Surplus Line & Special Lines'  
Surplus Line Broker \*\*\* **LS** - Life Settlement Broker

|     | Endorsement<br>Type** | Endorsee's Social<br>Security Number***** | Endorsee's Name<br>(as shown on license) | Effective Date<br>of Endorsement |
|-----|-----------------------|---|--|----------------------------------|
| 1.  |                       |   |  |                                  |
| 2.  |                       |   |  |                                  |
| 3.  |                       |   |  |                                  |
| 4.  |                       |   |  |                                  |
| 5.  |                       |   |  |                                  |
| 6.  |                       |   |  |                                  |
| 7.  |                       |   |  |                                  |
| 8.  |                       |   |  |                                  |
| 9.  |                       |   |  |                                  |
| 10. |                       |   |  |                                  |

**Signature** and title of authorized representative.

|          |                       |
|----------|-----------------------|
| ▶ Title: | Date:                 |
| E-mail:  | Phone Number: (     ) |

**Filing fee:** Submit \$22 filing fee per endorsement type. Enter number of  X \$22

Please Note: If you are endorsing an applicant for an insurance license, submit only one name per form and attach the form to the application.

- |   |  |
|---|--|
| <p>1. If you are submitting only an endorsement:<br/> <b>Mail Endorsement form and fee to▶</b><br/> or</p> <p>2. If endorsement is being submitted with original application<br/> <b>Mail Endorsement form with application and fee to▶</b></p> | <p>California Department of Insurance<br/> P.O. Box 957<br/> Sacramento, CA 95812-0957</p> <p>California Department of Insurance<br/> P.O. Box 1139<br/> Sacramento, CA 95812-1139</p> |
|---|--|

\* If endorsing both Accident and Health Agent and Life-Only Agent submit only one filing fee.  
\*\* For Credit Insurance applicants only: submit \$31 per endorsement.  
\*\*\*There is no fee for the Life Settlement Broker.  
\*\*\*\*Disclosure of your U. S. social security number is mandatory pursuant to Cal. Civil Code, § 1798.17; Cal. Family Code, § 17520(d); and Federal Privacy Act of 1974, §§7(a) (2) (B) and 7(b). Your social security number will be used primarily for purposes of processing your application, including conducting any necessary investigation into your background. If you fail to disclose your social security number, your application will not be reviewed. An individual has a right of access to certain records containing personal information pertaining to that individual. Individuals may obtain information regarding the location of their records by contacting the Bureau Chief, Producer Licensing Bureau, California Department of Insurance by phone (800-967-9331) or by mail, to the following address: 320 Capitol Mall, Sacramento CA 95814.

NOTE: Authority cited: Insurance Code sections 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20th Century Ins. Co. v. Garamendi*, 8 Cal. 4th 216 (1994).  
Reference: Insurance Code sections 10113.1, 10113.2.

**Adopt:**  
**Section 2548.25. BUSINESS ENTITY ENDORSEMENT TERMINATION.**

|  |                                |
|--|--------------------------------|
| <p>State of California<br/> <b>Business Entity Endorsement Termination</b><br/> LIC 411-8T (Rev 7/2010)<br/> Producer Licensing Bureau<br/> P.O. Box 1139<br/> Sacramento, CA 95812-1139<br/> (916) 322-3555 or (800) 967-9331<br/> www.insurance.ca.gov</p> | <p>Department of Insurance</p> |
|--|--------------------------------|

Pursuant to Section 1627 and 1661 of the Insurance Code

License Number of Business Entity:

|                       |
|-----------------------|
| Business Entity Name: |
| Mailing Address:      |
| City, State, Zip:     |


**To the Insurance Commissioner of the State of the State: Notice is hereby given that effective from the date of filing this notice, the Business Entity hereby terminates the endorsement of the person(s) named herein.**

**Note:** Enter only one termination type per line. (Exception SL/SP)

\***AH** - Accident and Health Agent \***LO** - Life-Only Agent **LI** - Life-Limited to the Payment of Funeral & Burial Expenses  
**FX** - Fire/Casualty Broker-Agent **AU** - Limited Lines Automobile Insurance Agent **LA** - Life and Disability Analyst  
**CS** - Cargo Shipper's Agent \*\***CI** - Credit Insurance Agent **PL** - Personal Lines Broker Agent **MC** - Motor Club Agent  
**SL** - Surplus Line Broker **SP** - Special Lines' Surplus Line Broker **SL/SP** - Surplus Line and Special Lines' Surplus Line Broker \*\***LS** - Life Settlement Broker

|     | **Endorsement Type | Endorsee's Social Security Number*** | Endorsee's Name (as shown on license) | Effective Date of Termination |
|-----|--------------------|--------------------------------------|---------------------------------------|-------------------------------|
| 1.  |                    |                                      |                                       |                               |
| 2.  |                    |                                      |                                       |                               |
| 3.  |                    |                                      |                                       |                               |
| 4.  |                    |                                      |                                       |                               |
| 5.  |                    |                                      |                                       |                               |
| 6.  |                    |                                      |                                       |                               |
| 7.  |                    |                                      |                                       |                               |
| 8.  |                    |                                      |                                       |                               |
| 9.  |                    |                                      |                                       |                               |
| 10. |                    |                                      |                                       |                               |

**Signature of an authorized representative**

|  |        |                       |
|--|--------|-----------------------|
|  | Title: | Date:                 |
| E-mail   |        | Phone Number: (     ) |

**Filing fee:** Submit \$22 per termination type.

Enter number of  X

**Mail Termination form and fee to:**  
California Department of Insurance  
P.O. Box 957  
Sacramento, CA 95812-0957

\* If endorsing both Accident and Health Agent and Life-Only Agent submit only one filing fee.

\*\* For Credit Insurance applicants only: submit \$31 per endorsement.

\*\*\*Disclosure of your U. S. social security number is mandatory pursuant to Cal. Civil Code, § 1798.17; Cal. Family Code, § 17520(d); and Federal Privacy Act of 1974, §§7(a) (2) (B) and 7(b). Your social security number will be used primarily for purposes of processing your application, including conducting any necessary investigation into your background. If you fail to disclose your social security number, your application will not be reviewed. An individual has a right of access to certain records containing personal information pertaining to that individual. Individuals may obtain information regarding the location of their records by contacting the Bureau Chief, Producer Licensing Bureau, California Department of Insurance by phone (800-967-9331) or by mail, to the following address: 320 Capitol Mall, Sacramento CA 9581

NOTE: Authority cited: Insurance Code sections 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20th Century Ins. Co. v. Garamendi*, 8 Cal. 4th 216 (1994).  
Reference: Insurance Code sections 10113.1, 10113.2.

**Adopt:**

**Section 2548.26. LIFE SETTLEMENT LICENSEE FORM FILINGS.**

**State of California**

Life Settlement Form Filing Cover Sheet  
California Insurance Code, Section 10113.2(c)

Name of Licensee: \_\_\_\_\_

Provide the Following (choose all that apply):

CA# or NAIC # \_\_\_\_\_

License Number: \_\_\_\_\_

FEIN Number: \_\_\_\_\_

Application No. \_\_\_\_\_

Licensee is a:

Life Settlement Provider

Life Settlement Broker

Life Producer Transacting Life Settlement Business

Description of Form(s) and any Identifying Form Number(s): \_\_\_\_\_

\_\_\_\_\_

Approximate Date Licensee will Commence Using Form(s) \_\_\_\_\_

Form Submitted by On Behalf of Licensee

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Phone Number

LIC 441-20C (Rev. 06/2010)

NOTE: Authority cited: Insurance Code section 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20<sup>th</sup> Century Ins. Co. v. Garamendi*, 8 Cal.4<sup>th</sup> 216 (1994).  
Reference: Insurance Code section 10113.2.

**Adopt:**

**Section 2548.27. LIFE SETTLEMENT LICENSEE DISCLOSURE TO LIFE SETTLEMENT APPLICANT.**

**State of California  
Department of Insurance  
Life Settlement Licensee**

**Disclosure to Life Settlement Applicant**

**(To be provided no later than at time of application for any life settlement contract)**

**IMPORTANT: READ THIS DISCLOSURE FORM BEFORE SIGNING ANY LIFE SETTLEMENT CONTRACT.**

**You should carefully read all of the following points and seek financial, insurance, tax and other advice where appropriate.**

1. There may be possible alternatives to life settlements which exist and include, but are not limited to, accelerated benefits options that may be offered by your life insurer.
2. Some or all of the proceeds of a life settlement may be taxable. Assistance should be sought from a professional tax adviser.
3. There may be an impact on the receipt of public assistance. The recipient should contact the State Department of Health Care Services and the State Department of Social Services under Section 11022 of the Welfare and Institutions Code for further information.
4. Proceeds from a life settlement could be subject to the claims of creditors.
5. Entering into a life settlement contract may cause other rights or benefits, including conversion rights and waiver of premium benefits that may exist under the policy or certificate of a group policy to be forfeited. Assistance should be sought from a financial adviser.
6. Entering into a life settlement could limit the insured's ability to purchase life insurance in the future because there is a limit to how much coverage insurers will issue on one life.
7. The owner has a right to rescind a life settlement contract within thirty (30) days of the date it is executed by all parties and the owner has received all required disclosures, or fifteen (15) days from receipt by the owner of the proceeds of the life settlement, whichever is sooner. Rescission will only be effective if both notice of rescission is given and all proceeds and any premiums, loans, and loan interest paid on account of the provider are repaid within the rescission period. If the insured dies during the

rescission period, the contract shall be deemed to have been rescinded subject to repayment by the owner or the owner's estate of all proceeds and any premiums, loans, and loan interest to the provider.

8. Proceeds will be sent to the owner within three (3) business days after the provider has received the insurer or group administrator's acknowledgement that ownership of the policy of the interest in the certificate has been transferred and the beneficiary has been designated in accordance with the terms of the life settlement contract.
9. All medical, financial, or personal information solicited or obtained by a provider or broker about an insured, including the insured's identity or the identity of family members, a spouse, or a significant other may be disclosed as necessary to effect the life settlement contract between the owner and provider. If you are asked to provide this information, you will be asked to consent to the disclosure. The information may be provided to someone who buys the policy or provides funds for the purchase. You may be asked to renew your permission to share information every two (2) years.
10. The insured may be contacted by either the provider or the broker or its authorized representative for the purpose of determining the insured's health status or to verify the insured's address. This contact is limited to once every three (3) months if the insured has a life expectancy of more than one (1) year, and no more than once per month if the insured has a life expectancy of one (1) year or less.
11. The broker represents the owner, exclusively, and not the insurer or the provider or any other person, and owes a fiduciary duty to the owner, including a duty to act at any times according to the owners' instructions and in the best interest of the owner.
12. The name, business address, and telephone number of the life settlement broker are as follows:

|                         |
|-------------------------|
| _____                   |
| (brokers' printed name) |
| _____                   |
| (address)               |
| _____                   |
| _____                   |
| _____                   |
| (telephone number)      |

**LIFE INSURANCE POLICY OWNER'S ACKNOWLEDGMENT: I have read and fully understand this disclosure form. I have received a copy of this disclosure to keep for my records.**

**LIFE INSURANCE POLICY OWNER**

**By:** \_\_\_\_\_

**Printed Name:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**LIFE SETTLEMENT PROVIDER OR  
BROKER**

**By:**

\_\_\_\_\_

**Printed**

**Name:** \_\_\_\_\_

**Date:** \_\_\_\_\_

NOTE: Authority cited: Insurance Code sections 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20<sup>th</sup> Century Ins. Co. v. Garamendi*, 8 Cal.4<sup>th</sup> 216 (1994).  
Reference: Insurance Code section 10113.2.

**Adopt:**

**Section 2548.28. LIFE SETTLEMENT BROKER DISCLOSURE TO OWNER AND INSURED.**



**State of California  
Department of Insurance  
Life Settlement Broker  
Disclosure to Owner and Insured  
(To be provided prior to the execution of the life settlement contract)**

**IMPORTANT: READ THIS DISCLOSURE FORM BEFORE SIGNING ANY LIFE SETTLEMENT CONTRACT.**

**The commissioner may consider any failure to provide the disclosures in this form as a basis for suspending or revoking a broker's license. You should carefully read all of the following and seek financial, insurance, tax and other advice where appropriate.**

1. The name, business address, and telephone number of the life settlement broker are as follows:

Broker's (printed) name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone number: \_\_\_\_\_

2. A full, complete, and accurate description of all the offers, counteroffers, acceptances, and rejections relating to the proposed life settlement contract (including name of party, date made, price and any other material terms) is:

☐ Attached.

☐ As follows: \_\_\_\_\_

\_\_\_\_\_

3. The following affiliation or contractual arrangements exists between the broker and the provider making an offer in connection with the life settlement arrangement:

☐ None.

☐ As follows: \_\_\_\_\_

\_\_\_\_\_

4. To be provided only where the owner of the policy is also the insured: the following life expectancy estimates were provided in connection with the life settlement:

LE Provider \_\_\_\_\_ Life Expectancy Estimate \_\_\_\_\_

LE Provider \_\_\_\_\_ Life Expectancy Estimate \_\_\_\_\_

LE Provider \_\_\_\_\_ Life Expectancy Estimate \_\_\_\_\_

**LIFE INSURANCE POLICY INSURED AND OWNER'S ACKNOWLEDGMENT: I have read and fully understand this disclosure form and have received a copy to keep for my records.**

| LIFE INSURANCE POLICY INSURED | LIFE INSURANCE POLICY OWNER |
|-------------------------------|-----------------------------|
| By: _____                     | By: _____                   |
| Printed Name: _____           | Printed Name: _____         |
| Date: _____                   | Date: _____                 |

NOTE: Authority cited: Insurance Code sections 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20<sup>th</sup> Century Ins. Co. v. Garamendi*, 8 Cal.4<sup>th</sup> 216 (1994).  
Reference: Insurance Code section 10113.2.

**Adopt:**

**Section 2548.29. LIFE SETTLEMENT PROVIDER DISCLOSURE TO OWNER.**

**State of California  
Department of Insurance  
Life Settlement Provider  
Disclosure to Owner**

**(To be provided prior to the execution of the life settlement contract)**

**IMPORTANT: READ THIS DISCLOSURE FORM BEFORE SIGNING ANY LIFE SETTLEMENT CONTRACT.**

**The commissioner may consider any failure to provide the disclosures in this form as a basis for suspending or revoking a provider's license. You should carefully read all of the following points and seek financial, insurance, tax and other advice where appropriate.**

1. The name, business address, and telephone number of the life settlement broker are as follows:

Broker's (printed) name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

2. Pursuant to California law, the policy owner is entitled to the disclosure of the gross purchase price the life settlement provider is paying for the policy, the net amount of the purchase price to be paid to the owner's life settlement broker, and the amount of the purchase price to be paid to the owner of the policy.

- a. The **gross purchase price** (the total amount or value paid by the provider for the purchase of the life insurance policy, including all commissions and fees) paid by the life settlement provider for the policy is \$ \_\_\_\_\_.
- b. The amount of the purchase price to be paid to the owner's **life settlement broker** is:  
\$ \_\_\_\_\_.
- c. The net amount of the purchase price to be paid to the **owner** is:  
\$ \_\_\_\_\_.

**LIFE INSURANCE POLICY OWNER'S ACKNOWLEDGMENT: I have read and fully understand this disclosure form and have received a copy to keep for my records.**

**LIFE INSURANCE POLICY OWNER**

**By:** \_\_\_\_\_

**Printed Name:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**LIFE SETTLEMENT PROVIDER**

**By:** \_\_\_\_\_

**Printed Name:** \_\_\_\_\_

**Date:** \_\_\_\_\_

NOTE: Authority cited: Insurance Code sections 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20<sup>th</sup> Century Ins. Co. v. Garamendi*, 8 Cal.4<sup>th</sup> 216 (1994). Reference: Insurance Code section 10113.2.

**Adopt:**

**Section 2548.30. LIFE SETTLEMENT PROVIDER ANNUAL STATEMENT.**

**State of California**  
**Department of Insurance**  
**Life Settlement Provider**  
**Annual Statement**  
**(To be filed on or before March 1st of each year)**

|   |  |
|---|--|
| <b>1. FOR THE YEAR ENDING:</b><br>DECEMBER 31, _____.   | <b>2. PROVIDER FEIN #:</b><br>_____                      |
| <b>3. LIFE SETTLEMENT PROVIDER INFORMATION:</b>   |  |
| a. Full name of Life Settlement Provider, including all d.b.a.'s:<br>_____<br>_____<br>_____<br>_____   |  |
| b. Organized under the laws of the State of:<br>_____   | c. Date licensed as a Life Settlement Provider:<br>_____ |
| d. Address of Provider's Administrative Office:<br>_____<br>_____<br>_____  |  |
| e. Is the above address the location of all provider books and business records?<br><input type="checkbox"/> Yes.<br><input type="checkbox"/> No, the address to the location of all provider's books and business records is:<br>_____<br>_____<br>_____ |  |
| f. Provider's mailing address (if different from above):<br>_____<br>_____<br>_____<br>_____  |  |
| g. Name of contact person:<br>_____   | h. Telephone number for contact person:<br>_____         |

**4. LIFE SETTLEMENT PROVIDER OWNERSHIP INFORMATION:** In the table below, list the name, title, percentage of ownership interest, business address, and residence address of each individual who is responsible for the conduct of the Life Settlement Provider's affairs, or has the ability to exercise significant control over the provider, including but not limited to officers, directors, trustees, partners, shareholders holding a ten percent (10%) or greater interest in provider and key personnel. Place an asterisk (\*) next to the name of any individual not reported on the most recent Annual Statement or application. Attach additional sheets if necessary. ☐ Additional sheets attached.

| NAME | TITLE | % OWN | BUSINESS ADDRESS | RESIDENCE ADDRESS |
|------|-------|-------|------------------|-------------------|
| a.   |       |       |                  |                   |
| b.   |       |       |                  |                   |
| c.   |       |       |                  |                   |
| d.   |       |       |                  |                   |
| e.   |       |       |                  |                   |
| f.   |       |       |                  |                   |
| g.   |       |       |                  |                   |
| h.   |       |       |                  |                   |
| i.   |       |       |                  |                   |
| j.   |       |       |                  |                   |
| k.   |       |       |                  |                   |
| l.   |       |       |                  |                   |

**LIFE SETTLEMENT PROVIDER’S ACKNOWLEDGMENT: I declare under penalty of perjury that I am one of the above-described officers, owners, and/or general partners of**

\_\_\_\_\_,  
(name of life settlement provider)

**that I am responsible for conducting the business of the above-named life settlement provider and that the information contained in this Annual Statement, including all of its schedules, answers, explanations, and attachments, is complete and accurate to the best of my knowledge, information, and belief. (*Two signatures required.*)**

**By:** \_\_\_\_\_

**Printed Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**By:** \_\_\_\_\_

**Printed Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**State of California**  
**Department of Insurance**  
**Life Settlement Provider**  
**Annual Statement**  
(continued)

**5. POLICY INFORMATION:**

|   |   |
|---|---|
| a. List the total number (nationwide) of life insurance policies settled during the immediately preceding calendar year: _____  | b. List the aggregate face amount (nationwide) for policies settled during the preceding calendar year: \$ _____                            |
| c. List the total number of life insurance policies settled in California during the immediately preceding calendar year: _____ | d. List the aggregate face amount for policies settled with respect to California residents during the preceding calendar year:<br>\$ _____ |

|  |   |
|--|---|
| 6. Is the provider submitting its audited financial statement with annual statement? | <input type="checkbox"/> Yes. <input type="checkbox"/> No |
|--|---|

**7. GENERAL INTERROGATORIES**

|   |   |
|---|---|
| a. Has there been any change in the provider's name, organizational structure or status, Charter, Articles of Incorporation, Bylaws, Partnership Agreement, affiliations, officers, directors, members, owners, stockholders or location of books and records since the date of the application or the last Annual statement was filed with the Department? <i>(Note: Any provider transferring more than 10% of its stock to a nonlicensed provider is barred from settling policies within this state until the Commissioner approves a new life settlement application whenever the provider is either incorporated within this state or conducting a substantial portion of its business within the state.)</i> | <input type="checkbox"/> Yes. <input type="checkbox"/> No |
|---|---|

|  |  |
|--|--|
| (i). If there has been a change, has complete documentation been filed with the Department (i.e. amendments, biographical affidavits, character reports, fingerprint cards)? | <input type="checkbox"/> Yes. <input type="checkbox"/> No<br><input type="checkbox"/> NA |
|--|--|

|  |  |
|--|--|
| (ii) If there has been a change and complete documentation was <u>not</u> provided to the Department, attach a complete documentation. |  |
|--|--|

|   |  |
|---|--|
| b. Has any officer, director, member, stockholder, or employee of the provider been the subject of any administrative or judicial proceeding, had any license denied, suspended or revoked, been arrested, indicted, convicted, or pled nolo contendere to any criminal or civil action other than a minor traffic violation, or had a lien, judgment or foreclosure action filed against him or her since the date of application or the last Annual |  |
|---|--|



|   |   |
|---|---|
| <p>Statement was filed with the Department?</p> <p>If so, attach a detailed explanation sufficient to disclose all relevant details of the matter, to include its final disposition.</p>  | <input type="checkbox"/> Yes. <input type="checkbox"/> No |
| <p>c. Has the provider been involved in any legal actions, civil suits, criminal proceedings, or had a license denied, suspended, or revoked by any government agency or regulatory body since the date of application or the last Annual Statement was filed with the Department?</p> <p>If so, attach a detailed explanation sufficient to disclose all relevant details of the matter, to include its final disposition.</p>   | <input type="checkbox"/> Yes. <input type="checkbox"/> No |
| <p>d. During the preceding year has the provider received any complaints from consumers alleging that the escrow or third party trustee did not disburse the life settlement proceeds within three (3) business days of receiving notification that the change in ownership or beneficial interest had been effected?</p> <p>If YES, attach a list of such complaints and describe what actions the provider took to correct the situation and prevent its recurrence. If the settlement funds are yet unpaid, include an explanation for the delay and anticipated payment date.</p> | <input type="checkbox"/> Yes. <input type="checkbox"/> No |
| <b>8. DISCLOSURE INFORMATION</b>  |   |
| <p>a. Has the provider provided all disclosures required in California Insurance Code Section 10113.2(e) and Title 10, California Code of Regulations, section 2548.29, including disclosure of all commissions and fees paid in the life settlement transaction?</p>   | <input type="checkbox"/> Yes. <input type="checkbox"/> No |
| <b>9. FORM INFORMATION</b>  |   |
| <p>a. Has the provider filed with the Department a copy of all life settlement forms to be used in California?</p>  | <input type="checkbox"/> Yes. <input type="checkbox"/> No |
| <b>10. CONFIDENTIAL INFORMATION</b>   |   |
| <p>a. Was all medical or financial information solicited/obtained relative to the life settlement contract treated as confidential?</p>   | <input type="checkbox"/> Yes. <input type="checkbox"/> No |
| <b>11. EXAMINATION INFORMATION</b>  |   |
| <p>a. State what date the last examination on the company was made or is being made and by what insurance Commissioner.</p> <p>Date: _____ Insurance Commissioner _____</p>   |   |

**12. ESCROW ACCOUNT INFORMATION**

a. Has the provider set up an escrow account wherein to deposit funds to pay its policy owners?

☐ Yes. ☐ No

Name the financial institution where the escrow account is located and the name of the escrow agent:

Name of Financial Institution: \_\_\_\_\_

Name of Escrow Agent: \_\_\_\_\_

NOTE: Authority cited: Insurance Code sections 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20<sup>th</sup> Century Ins. Co. v. Garamendi*, 8 Cal.4<sup>th</sup> 216 (1994). Reference: Insurance Code sections 10113.1, 10113.2, and 10113.3.

**Adopt:****Section 2548.31. VERIFICATION OF COVERAGE FOR LIFE INSURANCE POLICIES.****VERIFICATION OF COVERAGE FOR LIFE INSURANCE POLICIES**

SUBMITTED TO: \_\_\_\_\_ NAIC # \_\_\_\_\_  
Name of Insurance Company

POLICY NUMBER: \_\_\_\_\_

SUBMITTED FROM: \_\_\_\_\_  
Name of Life Settlement Broker/Provider

ADDRESS: \_\_\_\_\_

TELEPHONE NUMBER: \_\_\_\_\_

CONTACT: \_\_\_\_\_ TITLE: \_\_\_\_\_

IF INFORMATION IS CORRECT, INSURER REPRESENTATIVE MAY PLACE A CHECKMARK IN THE BOX. OTHERWISE PROVIDE CORRECTED INFORMATION THROUGHOUT THIS FORM. AN ASTERISK INDICATES INFORMATION THE LIFE SETTLEMENT PROVIDER/BROKER MUST PROVIDE.

**POLICY OWNER'S AND INSURED'S INFORMATION**

|  |  |                   |
|--|--|-------------------|
|  | This column to be completed by<br>Life Settlement Broker/Provider<br>This column to be used by | Insurance Company |
|--|--|-------------------|

|   |   |  |
|---|---|--|
| <b>Owner's name</b>                                   | * |  |
| <b>Address</b>  | * |  |
| <b>City, state, ZIP code</b>                          | * |  |
| <b>Tax ID or social security Number</b>               | * |  |
| <b>Insured's name</b>                                 | * |  |
| <b>Insured's date of birth</b>                        | * |  |
| <b>Second insured's name (if applicable)</b>          |   |  |
| <b>Second insured's date of birth (if applicable)</b> |   |  |

I hereby consent by my signature below to release of information requested by this form by the insurance company to the life settlement broker/provider.

\_\_\_\_\_  
Signature of policy owner Date signed

Page 1 of 4

**IS THE POLICY IN FORCE? \_\_\_\_ YES \_\_\_\_ NO**

*IF NO, SIGN, AND DATE ON PAGE 4 AND RETURN TO THE LIFE SETTLEMENT BROKER OR PROVIDER THAT SUBMITTED THE VERIFICATION OF COVERAGE.*

**POLICY TYPE, RIDERS & OPTIONS:**

\* \_\_\_\_ TERM \_\_\_\_ WHOLE LIFE \_\_\_\_ UNIVERSAL LIFE \_\_\_\_ VARIABLE LIFE

If a question is not applicable to the type of policy, write N/A in the column.

|  | This column to be completed by<br>Life Settlement Broker/Provider | This column to be used by<br>Insurance Company |
|--|---|--|
| <b>Original issue date</b>                                   | *   |  |
| <b>Maturity date of policy</b>                               |   |  |
| <b>State of issue</b>  | *   |  |
| <b>Does the policy have an irrevocable beneficiary?</b>      | *   |  |
| <b>Is the policy currently assigned?</b>                     | *   |  |
| <b>Was the policy ever converted or reinstated?</b>          | *   |  |
| <b>Is the policy in the contestability period?</b>           | *   |  |
| <b>Is the policy in the suicide period?</b>                  | *   |  |
| <b>Please list all riders and indicate if any are in the</b> |   |  |

|                                       |  |  |
|---------------------------------------|--|--|
| <b>contestable or suicide period.</b> |  |  |
|                                       |  |  |
|                                       |  |  |

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**POLICY VALUES**

|  | This column to be completed<br>by Life Settlement<br>Broker/Provider | This column to be used by<br>Insurance Company |
|--|--|--|
| <b>Policy values as of (insert date)<br/>Current face amount of policy *</b> |  |  |
| <b>Amount of accumulated dividends<br/>Current face amount of riders</b>     | *  |  |
| <b>Amount of any outstanding loans</b>                                       |  |  |
| <b>Amount of outstanding interest<br/>on policy loans</b>                    |  |  |
| <b>Current net death benefit</b>   | *  |  |
| <b>Current account value</b>   | *  |  |
| <b>Current cash surrender value</b>  | *  |  |
| <b>Is policy participating?</b>  | *  |  |
| <b>If yes, what is the current<br/>dividend option?</b>                      |  |  |

**PREMIUM INFORMATION**

|   | This column to be completed<br>by Life Settlement<br>Broker/Provider | This column to be used by<br>Insurance Company |
|---|--|--|
| <b>Current payment mode</b>   | *  |  |
| <b>Current modal premium</b>  | *  |  |
| <b>Date last premium paid</b>   | *  |  |
| <b>Date next premium due</b>  | *  |  |
| <b>Current monthly cost of insurance<br/>as of (insert date)<br/>Date of last cost of insurance<br/>deduction</b> |  |  |

**TO BE COMPLETED BY LIFE SETTLEMENT BROKER/PROVIDER**

The information submitted for verification by the life settlement broker/provider is correct and accurate to the best of my knowledge and has been obtained through the policy owner and/or insured.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

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**TO BE COMPLETED BY INSURANCE COMPANY**

The information provided by verification by the insurance company is correct and accurate to the best of my knowledge as of \_\_\_\_\_(date).

Insurance company: \_\_\_\_\_ NAIC # \_\_\_\_\_

Printed name: \_\_\_\_\_ Title: \_\_\_\_\_

Telephone number: (\_\_\_\_) \_\_\_\_\_ Fax number: (\_\_\_\_) \_\_\_\_\_

Signature: \_\_\_\_\_

*Please provide information about where the forms listed below should be submitted for processing.*

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Company Name: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City, State, ZIP: \_\_\_\_\_

Overnight Address: \_\_\_\_\_

City, State, ZIP: \_\_\_\_\_

Telephone number: (\_\_\_\_) \_\_\_\_\_ Fax number: (\_\_\_\_) \_\_\_\_\_

**FORMS REQUEST**

Please provide the forms checked below:

- ☐ Absolute Assignment/Change of Ownership/Viatical Assignment
- ☐ Change of Beneficiary
- ☐ Release of Irrevocable Beneficiary (if applicable)
- ☐ Waiver of Premium Claim Form
- ☐ Disability Waiver of Premium Approval Letter
- ☐ Release of Assignment
- ☐ Change of Death Benefit Option Form (if UL)
- ☐ Allocation Change Form (if Variable)
- ☐ Annual Report
- ☐ Current In Force Illustration

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NOTE: Authority cited: Insurance Code sections 10113.2, 10113.35; *CalFarm Ins. Co. v. Deukmejian*, 48 Cal.3d 805 (1989); *20<sup>th</sup> Century Ins. Co. v. Garamendi*, 8 Cal.4<sup>th</sup> 216 (1994). Reference: Insurance Code sections 10113.2, 10113.3.